

# **Burundi in the World of Direct Trade and Specialty Coffee**

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## Preface

Starting this masters program all began because of naïve questions I had about global inequalities. I was a volunteer at Oxfam Canada and was learning about how inequality manifests in communities all over the world. The theme I kept returning to was the topic of global trade. At the time—2007—the fair trade movement was gaining some momentum in my hometown, Edmonton, Alberta. Large grocery chains were beginning to stock a few Fair Trade<sup>1</sup> labelled products, student groups lobbied the university's administration to ensure Fair Trade products were being used and sold on campus; NGOs, like Oxfam, were lobbying large companies to change corporate policies to ensure the purchase of Fair Trade certified items. The issue of trade was so compelling to me because I could *do something*. Where I spend my money has an impact on specific individuals. There are fairer and more ethical economic choices to be made. For once, I began feeling like I could participate in discourses on inequality in a tangible way: by analysing and changing my behaviour in the way I spend money. During these early introductions to fair trade, the conversation always turned toward coffee because it is the most traded agricultural commodity in the world.

My interest in coffee was based on questions I had about global inequalities, but once I began working in the industry; specifically the *Specialty Coffee* sector, a new interest, based on a philosophy of quality and taste changed how I viewed and approached my work as a coffee professional. I learned about a growing movement of companies dedicating themselves to increasing the quality and craftsmanship of coffee. These individuals aimed to reconceive of coffee as a unique, artisan product. They explore each level of coffee production in order to

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<sup>1</sup> Fair Trade is a trademarked term and is distinguished from fair trade, the broader economic movement.

change how coffee is grown, processed and exported, so that the roaster and coffeeshop have access to better quality.

Inseparable from quality are the producers responsible for the growing and processing of coffee before it is exported to consuming countries. Coffee producers are notoriously underpaid and exploited. The fair trade movement helped illuminate these realities for the coffee consuming world and developed strategies for coffee trading that it believes is more just and equitable for the producers. Fair trade coffee became a benchmark from which a handful of American coffee professionals began to work with and then reconceptualise the supply chain. Ultimately, they wanted direct access to the source (which Fair Trade does not provide)—the producer—because they believe direct access can lead to even higher quality coffee and more equity amongst all the parties involved.

Direct trade is a model based on equal and mutual exchanges between coffee growers and buyers, and specialty coffee utilizes this method of trade with the aim of achieving equitable partnerships amongst all participants, in order to achieve the highest quality coffee possible. The movement began with a few ambitious American coffee roasters, has since spread to Australia, Europe and Asia, and is more recently being adopted in coffee producing countries themselves. The question this thesis is concerned with is whether the producers participating in direct trade are benefitting from these practices

# 1. Introduction

The focus of this study is to explore how Burundian coffee producers and traders perceive direct trade influences on producer's wellbeing. Direct trade in coffee is still a newly establishing approach to the coffee trade and has not been studied in any significant way. Current literature about direct trade practices and its effects come from the companies using this approach. This means that the most significant proportion of those working in direct trade coffee production—the producers—have not yet been included in the discourse. In the following, I will introduce the views of some Burundian producers, international traders and direct trade coffee buying companies working all throughout the production chain and coming from diverse cultural, socio-economic and political backgrounds. They represent some of the major stakeholders in Burundi's coffee subsector.

I chose Burundi as the site of my inquiry because it is a fascinating coffee origin in its socio-economic-political history, its cultural complexities, and because of its potential to produce exceptional coffee. Specialty coffee professionals are continuously striving for *better* and *unique*: the newest and most exciting coffee origin, a better roasting technique, a brewing technique that produces a tastier cup of coffee, a more enjoyable coffeeshop experience. For coffee buyers of this calibre, looking for the exceptional and the exclusive sometimes means moving away from places already established as producers of great coffee. This is not to say that specialty buyers “move on” from already established partnerships – that kind of approach would negate a fundamental aspect of direct trade buying: the building of long-term, strong partnerships. But at the same time that these buyers are working to maintain and build upon existing relationships, they are also looking for new finds—places, people and taste profiles. Burundi is exciting because it is unknown. It has yet to establish itself as a producer of consistently excellent coffee.

## *What are Specialty Coffee and Direct Trade?*

Coffee drinking culture has changed substantially over the past two decades. What was, for decades, consumed and viewed as simply a “pick-me-up” obtained gastronomic appeal almost single-handedly due to the rise of Starbucks – a chain of coffeeshops presenting coffee beverages in a new way. For once, consumers were confronted with a menu of coffee drinks, rather than simply a cup of coffee offered in various sizes. A new lexicon emerged from coffee professionals presenting and exposing the various levels of the coffee supply chain: “origin”, “roast profiles”, “producer”, “brewing techniques”. Consumers developed specific preferences based on these new categories. Coffee drinking etiquette emerged.

I believe that what sets apart Specialty Coffee from the wider industry, to me, comes down to one’s attitude and approach. The professionals I work with are most concerned with quality, flavour and craftsmanship, and relationships – with suppliers, as much as customers—in their approach to this business. This way of approaching the business of coffee leads to numerous and sometimes, unexpected consequences, largely manifested in two ways: how coffee is purchased and how the final product is sold. What interests me so much about coffee trading is the fact that coffee is necessarily a widespread and international endeavour. Coffee grows best within a specific geographic area, which coincidentally, corresponds with some of the poorest communities in the world. Coffee producers—smallholders and pickers—are amongst the most exploited agricultural workers in the world, and considering the amount of coffee consumed in rich countries, I want to know why this is the case.

The direct trade model has been developing parallel to Specialty Coffee’s rise in the coffee industry. At its simplest, it is an approach to coffee trading that aims to put coffee buyers in direct contact with coffee producers. In practice, it is a term that means different things to the companies identifying themselves as direct



trade coffee companies. This is because coffee production chains differ amongst countries, and even different regions within the same country, and due to the fact that each company have varying levels of access to partners within each part of the chain. For example, certain parts of Colombia's coffee sector have developed and organized so that the coffee chain is transparent and buyers can have direct access to cherry producers (i.e. smallholders) with whom they can negotiate prices with. So in these instances, "direct trade" can be defined in its simplest form.

In contrast, in Kenya, as another example, buyers do not currently negotiate prices with smallholders. They are usually negotiating with export companies working with grower cooperatives. In these cases, the term "direct trade" has still been employed by some coffee companies because the export company, for instance, makes the pricing scheme transparent, so that the buyer knows how much each level is getting paid – from smallholder, to coffee washings station, to the exporter's fee. In addition, buyers are visiting washing stations and meeting with smallholders in order to find out first-hand how the production chain is operating and whether things are being presented accurately by the exporter.

Direct trade is seen as a better and alternative model to traditional and fair trade approaches. Traditional trade, conducted through futures markets, have a history of being exploitative to coffee producers. In this method, a seller (almost never the producer) offers a coffee lot, or an expectation of a coffee lot, at the "market price" of that time, or a predetermined future price. Unfortunately for producers, "market prices" have a history of being unstable and low, especially during times of increased world production.

In the Fair Trade approach, a minimum price is set and premiums can be negotiated between cooperatives and buyers. As all Fair Trade certification (except Fair Trade USA's) takes place at the cooperative level, individual smallholders are not given an opportunity to meet and negotiate directly with

buyers. Specialty buyers also take issue with Fair Trade's lack of focus on their needs; Fair Trade's principles of equity and fairness are for the benefit of producer organizations.

Direct trade is often associated with similar principles to fair trade (i.e. equity and fairness) but removes the level of the fair trade certifying organization from the equation and puts producers and buyers in direct contact with one another. The biggest benefits to the producer comes is the direct contact itself and often higher than market and Fair Trade prices. Thus, the needs of producers and buyers are taken into account within direct trade.

### *Thesis Rationale and Organization*

This thesis is an exploratory study on how direct trade coffee is impacting the livelihoods of Burundian producers. It is one of the first attempts at studying direct trade's impacts and focuses on two perspectives: that of coffee producers, and that of traders and direct trade companies. The three research questions are: 1) How do producers perceive their wellbeing in relation to direct trade, 2) How do traders and direct trade companies believe this model is affecting producer livelihoods, and 3) Are the experiences and perceptions of producers compatible with the perceptions of traders and direct trade companies?

The thesis is organized as follows. Chapter Two presents a brief history of the coffee trade and introduces the theoretical and methodological bases for analysis. It reviews trade literature coming from ethical and fair trade approaches—the two most related to direct trade coffee. This is followed by a short introduction to the concept of wellbeing: what it is and what its most important determinants are.

Chapter Three introduces the site of analysis—Burundi—and presents the qualitative methodological framework, the interview method of data collection, and the content analysis approach to data analysis that were employed throughout this study.

Chapters Four and Five outline the main findings derived from data analysis. Chapter Four outlines the Burundi coffee production chain: its processes and actors, and presents the producer perspective on direct trade and wellbeing. Chapter Five presents trader/buyer perspectives on direct trade and on the impacts on producer wellbeing.

Chapter Six compares, contrasts and discusses producer perceptions with the perspective of traders and buyers. It presents the main differences and discusses resulting implications. Next, the study is situated within wellbeing and ethical/fair trade literature for the purpose of discussing some research implications. Suggestions are made for future research on this topic. Finally, the chapter and thesis is concluded by discussing limitations of the study, along with some final remarks.

## 2. Literature Background

### 2.1 Introduction

This chapter provides a brief background on the history of the world's coffee trade, presents how fair and ethical trade literature has approached the impact of the trade on producer's livelihoods and introduces some relevant concepts around wellbeing and its determinants.

I have chosen to focus on key books and studies most relevant to the context of this study and its research questions, rather than presenting an exhaustive review of coffee livelihoods literature. I recognize that narrowing my focus presents certain limitations to the implications and generalisability of this study. My reasons for choosing a narrow focus come down to practical reasons and evaluations on relevance.

Practically speaking, there is a wide and deep reserve of studies and other academic sources pertaining to coffee livelihoods, coming from many different methodological frameworks and mostly focused on traditional coffee trade approaches. Presenting the range of study was not feasible from a time and resource standpoint, but more important, it did not make sense from a relevance standpoint. This study is not only focused on Burundi coffee production but specifically targets Burundi's *specialty coffee* production. Specialty coffee, as outlined in the introduction, is a relatively new approach to the coffee business and forms a very small—albeit rapidly growing—part of the worldwide coffee industry. While recognizing the importance and relevance of research conducted on the impacts of traditional trade models on coffee livelihoods, I did not want to dilute the findings and implications of this study, which is based on a vastly different approach to coffee trading.

In addition to an overview of coffee's trade history, I will present some key studies done on coffee livelihoods from macro- and micro perspectives.

Literature from the latter perspective comes from the ethical trade discourse, as it pertains to direct trade coffee.

## 2.2 Overview of Coffee History and Trade

The International Coffee Organization (ICO) is, “the main intergovernmental organization for coffee, bringing together exporting and importing Governments to tackle the challenges facing the world coffee sector through international cooperation. Its Member Governments represent 97% of world coffee production and over 80% of world consumption (ICO 2013).” According to the ICO, the growing and drinking of coffee began in the Horn of Africa around the 15<sup>th</sup> century in Abyssinia (modern day Ethiopia and Yemen). Legend from this region places the first planting of coffee shrubs in the Kaffa province of Ethiopia, with Dutch explorers first exporting coffee plants overseas in 1616.

By the late-1600s, Dutch explorers spread coffee cultivation to India and modern-day Indonesia and became the main suppliers of green coffee (i.e. processed but unroasted) to Europe; notably to the first coffeehouses in Venice and London. Overseas in the US, coffee consumption was established in 1668, with the first of the coffeehouses opening in New York City, Philadelphia and Boston.

In 1720, Gabriel Mathieu de Clieu, a French naval officer, acquired a coffee plant, which he re-planted in Martinique. By 1777, 18-19 million coffee plants were growing in Martinique, but it was the Dutch who dominated the early spread of coffee in the Americas. Coffee continues to be the main cash crop in Central and South America. Coffee as a cash crop has been particularly evident in Brazil, where by the 1830s; it became the world's biggest producer of coffee. The rapid expansion of coffee production, the world over, began to cause

significant declines in prices for coffee and by the 1840s, prices reached rock bottom, from which upward movement began, with prices reaching peak levels in the 1890s. At the same time coffee prices peaked, Brazilian expansion began to slow, due, in part, to the lack of inland transport and manual labour. As Brazilian expansion slowed, cultivation expanded in Guatemala, Mexico, El Salvador and Colombia, which responded to higher prices.

In Colombia in particular, there was a large growth of large and small coffee plantations after the “Thousand Days War” of 1899-1903. New rail systems allowed for better internal transport, the opening of the Panama Canal in 1914 provided better external transport, leading to a doubling of coffee production from 1905 levels, and Colombian coffee became increasingly popular in the US and Europe, as did coffee from Central American countries. Coffee consumption in the West continued to grow, peaking in the US in 1946. Coinciding with the high levels of coffee consumption in the West, newly independent African countries such as Uganda, Kenya, Rwanda and Burundi increased coffee production and became increasingly dependent on coffee for export revenues.

North American coffee consumption began changing in the 1970s with the rise of Seattle’s café culture spreading throughout the continent. The new focus was on improving the general quality of coffee. This focus started spreading to the rest of the world, particularly in Europe, Asia and Australasia.

The ICO concludes that coffee is one of the most valuable primary products in world trading, “Its cultivation, processing, trading, transportation and marketing provid[ing] employment for hundreds of millions of people worldwide.” It argues that coffee is crucial to the politics and economies of the world’s Least Developed Countries (LDC) because coffee accounts for more than 50 percent of LDC foreign exchange earnings.

## 2.3 Macro-approaches to the Coffee Trade

There exists a large literature base dedicated to the economics and politics of coffee. The aim of this section is to situate the current study within the broader contexts of the world coffee economy and then more narrowly, the concepts of ethical trade and fair trade.

In Chapter 2 of John Talbot's 2004 book, *Grounds for Agreement*, he describes the world economic significance of coffee production. He begins by explaining that coffee as a shrub crop is significant because coffee plants do not produce until three to five years after they are planted. From a price perspective, this means that coffee supply responds very slowly to price. If world market prices are high, growers tend to plant more. But since coffee shrubs planted during these periods do not produce until several years later, and if there has been an excessive amount of planting, a glut of coffee will enter the market three to five years after planting, causing oversupply and low prices. This unfortunate cycle further leads to growers being unmotivated to maintain their shrubs, which leads to production declines and possibly losses of land for those unable to pay their loans. This state of affairs means that producers cannot buy the necessities of life, which creates further problems for those depending on producer income for their own livelihoods (e.g. wage labours working on coffee farms and the wider local economy).

Coffee is labour intensive and provides employment for over 20 million people worldwide. World market prices and the ways in which coffee income is divided amongst those along the production chain significantly impact coffee producers. Since so many derive their livelihoods from coffee, states/governments cannot be indifferent to market prices and must act in ways that influence prices in order to maintain their legitimacy. In short, coffee is both economically and politically significant. From 1967-1970 coffee was amongst the eight biggest tropical commodities in the world. Amongst the top seven coffee producing countries,

their export dependency on coffee ranged from between 35 percent to 44 percent. As Talbot succinctly states, “Coffee is the most important of the tropical commodities, and the second-biggest revenue source for Third World countries among all of their primary commodity exports; only oil exports have earned them more (2004:44).”

The concept of “ethical trade”, has been increasingly applied within corporate settings over the last two decades. Mick Blowfield, a corporate social responsibility (CSR) consultant and researcher, states that, “Ethical trade is an increasingly popular approach that allows companies to manage the social and environmental dimensions of their supply chains.” The purpose of his 2004 study was to examine how the concept of ethical trade has been “applied to smallholder tea, coffee and cocoa growers in Asia, Africa and South America (2004:15).” Blowfield is concerned with how ethical trade standards are affecting/impacting participating growers and argues that they are not currently addressing growers’ primary concerns. The significance of this is twofold: the failure to address grower concerns contravenes the purpose of ethical trade and it is detrimental to the companies supporting these initiatives.

The distinguishing factor between ethical and fair trade approaches is who determines the standards. In ethical trade, it is up to individual companies to decide how they will address and manage social and environmental concerns within their supply chains. In fair trade, third-party organizations working with producers determine standards—what is fair and equitable—and companies interested in being recognized for supporting these standards opt-in.

From a procedural standpoint, ethical and direct trade have more in common: direct trade coffee companies determine their own terms of working with producers. Included in these terms, however, are often considerations of the social and environmental issues affecting producers. In the cases of the direct trade companies that are presented in Chapter 5, social considerations take



precedence. The literature of the three American companies presented heavily focus on the importance of *relationships* with the producers they work with.

Fair trade discussions relate in more of an historical, rather than procedural manner. It is useful to present a bit of history of the instant coffee market, as the specialty coffee movement was initiated within the midst of a US coffee market dominated by cheap instant coffee. Talbot (2004) writes that after World War II, the national coffee market was being consolidated out of the smaller regional markets. Maxwell House, owned by General Foods, was the first truly national coffee company. At this time, Nestlé also held a major share of the growing instant coffee market, and Folger's, Hills Bros., Chase and Sanborn and Chock Full o' Nuts were strong regional brands that did not yet have a strong national presence. Within Europe, similar large roasting companies were beginning to dominate their national markets and there were no transnational coffee corporations.

These national companies began developing their brands, based on the coffee origins that coffee drinkers in each given country were used to drinking. For example, in the US, blends were highly dependent on Brazilian coffee, whereas in France, West African coffees dominated. Because coffee drinkers at this point were used to drinking blends, rather than coffees coming from specifically identified origins, the big roasting companies were able to mix higher priced coffees with lower priced ones from nearby regions (e.g. cheaper Guatemalan coffees blended with more expensive Costa Rican coffees). Most important within this market was brand identification, rather than flavour and quality. In order to gain oligopolistic control, roasters engaged in national advertising campaigns and cents-off promotions. These efforts proved successful, especially in the US, and once a company established itself as a leader within a region, it was difficult for another to break in.

In conjunction with the dominance of these few roasting companies were a few importing firms that specialized in importing coffee. The biggest roasters imported coffee themselves and what they did not buy directly, they purchased from the major importers. A few of these trading companies had international operations.

The situation in coffee producing countries during this time was that most coffee was being produced by smallholders and the management of the production chains served to benefit the purchasing roasting companies. Producing countries did not have the ability to roast, pack and sell their coffee in consuming countries. A large part of the problem is that roasted coffee stales quickly and it is therefore impossible for producing countries to roast and sell coffee of a similar quality to roasted coffee processed within a consuming country. An additional hindrance is that producing countries did not have the expertise and resources to market their coffee. This is still a huge and widespread issue and will be further discussed in later chapters.

Supplying countries were already incorporated into the world economy as suppliers to former colonial powers. In the newly emerging system of independent nation-states created after the war, producing countries continued supplying green coffee to major consuming countries and roasting companies processed the raw material into its final consumable form. Two major shifts in power accompanied these changes: 1) National coffee companies increased market power by consolidating control over coming markets, and 2) Producing countries increased control over green coffee production with the purpose of stimulating economic development. Because producers were unable to break into the consumption side of the chain, they began acting collectively within their countries in order to increase returns from coffee exports.

With regard to price, consumption of coffee began to rise after the war and demand for coffee grew rapidly. At the same time that demand was rising,

production had fallen below pre-war levels, causing a severe shortage that marked the beginning of a new price cycle: prices began to rise and supply could not catch up, leading to further price increases. Producers began responding to these price increases but these shrubs took several years to mature. The yields from the new shrubs all began entering the market at the same time, causing a surplus in demand. Prices began to fall and continued falling, leading to economic crises in producing countries.

The fair trade movement, established in 1988, was a response to continued coffee boom-bust cycles. As the livelihoods of millions of coffee producers continued to be jeopardized by falling prices, fair trade organizations were initiated in the consuming world and they began forming strategies to alert the public about economic crises due to coffee's boom-and-bust cycles and subsequent threats to livelihoods. These organizations believed it possible to develop more equitable ways of purchasing coffee.

I return now to the earlier discussion regarding the similarities and differences between ethical, fair and direct trade. Whereas ethical and direct trade share both procedural and ethical similarities, fair trade's ethics have played a more important role in direct trade's development. Ethical trade and CSR discourse is wide in scope, covering a large variety of industries working with many different products. Fair trade has been mostly concerned with tropical commodities and its biggest focus has been on coffee.

Counter Culture Coffee, a company that is discussed more in Chapter 5, has been one of the largest and pioneering specialty coffee companies involved in the direct trade movement. It has been a huge supporter of Fair Trade certification because it valued equity and fairness in its business model. Most of the well-known American pioneering specialty coffee companies founded during this time were as concerned about ethics as they were quality. Fair trade provided an already established structure for these companies to satisfy their goal of

procuring ethically sourced coffee. As time went on, however, buyers from these companies began learning more and more about production processes, and developed a desire to break away from fair trade in order to find coffees and producers that fit with individual company needs and goals.

Direct trade began to develop. Companies began dedicating resources and staff to sourcing coffee directly. These individuals began travelling regularly to “origin” (i.e. coffee producing countries) and forming long-term relationships with specific producers. It no longer made sense for them to work within the strictures of fair trade. One of the biggest detractors of Fair Trade certification became its requirement of working with growers associations, or co-ops. Roasting companies like Counter Culture wanted the freedom to work with smallholder producers.

In Canadian researcher Gavin Fridell’s *Fair Trade Coffee*, fair trade coffee is situated and analyzed within the context of global development schemes. Fridell’s overarching goal is to determine whether fair trade, as a social justice movement, has adequately responded to the global inequalities created by neoliberal capitalism within the coffee industry. The significance of creating alternatives to neoliberal approaches to the coffee trade is summarized by Fridell as follows: “under capitalism, social relations between producers and consumers are not based on direct contact but are mediated by the market. Individual consumers purchase abstract commodities... These commodities appear to be without connection to the workers who actually produced them...(2007:4)”

The importance Fridell attaches to the social connections within the coffee trade is the crux of what direct trade is about and what this thesis will attempt to illuminate: that coffee production is in fact people-driven and that stronger and more direct ties amongst individuals along the production chain can lead to better satisfaction with one’s work and an overall higher sense of wellbeing.

Fridell's analysis combines economic data from coffee producing countries in Central and South America, in order to assess whether and how fair trade principles match and can contribute to the wide variety of development strategies that the governments of coffee producing countries implement. For instance, the coffee sector in Costa Rica is strongly regulated and has largely been overseen and implemented by the state itself (as opposed to third-party interventions, such as the World Bank). Due to a series of political shifts (from more authoritarian groups to more socially democratic governments) and a transfer of power from coffee plantation landowners to those controlling the export and processing of coffee, Costa Rica's coffee subsector has managed to develop in a way that emphasizes the building of infrastructure, rather than focusing on land redistribution and rights. Costa Rica's status as a welfare state has meant that the rights of workers and smallholders have taken precedence over the objectives of the upper classes. Costa Rica's transition to a welfare state has meant that,

[it has] moved from being one of the most backward coffee-producing nations to one of the most advanced and efficient in the world. The transformation of the Costa Rican state also provided benefits to workers, who attained higher state-imposed wages and stronger labour rights, and small- and medium-scale farmers, who received greater access to infrastructure, technology, and credit. The democratic compromise attained in Costa Rica led to the development of a social welfare state which provided average Costa Ricans with such things as public health care, education, and social assistance (2007:163).

With success stories such as that of Costa Rica's state-controlled development plans, Fridell argues for a conception of fair trade that is more than simply the promotion of social justice. He believes that "non-neoliberalist" approaches to coffee trading, ones that include the state, are the way forward to a fairer and more equitable world. He argues that current approaches to fair trade, which

choose to work within the “free trade” paradigm, do not go far enough in providing real alternatives to traditional trade models that have proven to be exploitative to producers.

## 2.4 Micro-approaches to the Coffee Trade

This section presents literature of micro-approaches concerning the study of the coffee industry in specific regions, or small communities or groups. They link ethical and fair trade approaches to coffee trading: How both how these coffee trade models are impacting the livelihoods of those involved in coffee production, and the methods being employed in coffee livelihoods research.

In their study on how Fair Trade coffee certification have impacted coffee producers in Latin America, Geiger-Oneto and Arnould (2011) conclude that those belonging to Fair Trade cooperatives report a better sense of wellbeing and more positive outlook for their future as a result of their participation. In order to assess wellbeing (or “quality-of-life”), the authors analyzed 1289 survey taken by farmers—both Fair Trade and non-Fair Trade—in Nicaragua, Peru and Guatemala. Surveys were administered in the form of interviews and the questions fell into one of four categories: 1) production and marketing practices; 2) living conditions and quality of life; 3) education and health; 4) participation in a Fair Trade cooperative.

Using factor analysis, the authors concluded that cooperative participants report higher levels of social support—business and personal—as a result of their membership in cooperatives. With respect to quality of life, respondents reported a greater sense of overall wellbeing and positive future outlook on their children’s quality of life, as a result of their participation. Specific life circumstances, or qualities these respondents shared included ownership of a savings account, an increase in income, they were younger, rather than older, and

owned larger plots of land in comparison to those reporting a lower quality of life.

Though not as widespread as it is in Latin America, fair trade approaches to coffee have also gained traction in African coffee producing countries. Parrish et al. question the effectiveness of fair trade as opposed to free trade approaches, in their 2005 paper. The authors assert that both strategies “seek to benefit smallholder farmers in lower-income countries, who are vulnerable to declining and fluctuating commodity prices... (2005:177).” They compared Fair Trade certification with TechnoServe, as they have been implemented in coffee producer groups in Tanzania, on how each have benefitted participating producers. TechnoServe is “a US-based development organization founded in 1968 to improve the productivity of developing-country agriculture... TechnoServe expanded its scope in the 1990s to national-level sectoral development (2005:181).” The organization, as it exists in Tanzania, works with producers working with tropical commodities, including coffee, and focuses on moving Tanzania from producing low-quality blended coffee to specialty markets.

In the paper’s comparative analysis of fair trade and free trade approaches to Tanzania’s coffee subsector, the coffee trade was analysed from a development perspective and sought to determine how fair and free trade interventions have impacted the subsector’s development. The authors contend that existing literature about these approaches fail to produce relevant recommendations for coffee subsector development due to the lack of attention paid to the context of the region under study. This study attempts to address this deficiency by comparing fair and free trade on the basis of the “sustainable livelihood framework (SLF)”,

A livelihood comprises the capabilities, assets (including both material and social) and activities required for a means of living. A livelihood is

sustainable when it can cope with and recover from stresses and shocks and maintain or enhance its capabilities and assets both now and in the future, while not undermining the natural resource base (Scoones as cited in Parrish et al. 2005:178).

The SLF method was used in recognition of the complexity inherent in coffee production vis-à-vis the micro (e.g. producer) and macro (i.e. institutional and structural) levels involved. Data collection consisted of interviews with over 100 smallholder farmers, along with interviews of other key industry actors and direct observation during field visits. The authors found that overall, both interventions proved beneficial to Tanzanian coffee growers. The authors found that Fair Trade, as a market-based organization (i.e. consumer-driven) has served to increase the financial capacities of producer organizations, leading to reinvestments at the local level (i.e. community). Also under analysis was TechnoServe, a non-profit business development organization utilizing free market principles (i.e. liberalization, increased competition, efficiency) in its development programs. Parrish et al. contend TechnoServe has been successful in reworking institutions within the Tanzanian coffee subsector to the benefit of growers, especially through increasing financial benefits to growers.

The authors reported that whereas fair trade approaches to coffee subsector development favour demand-side conditions (i.e. what consumers want) free trade approaches, like TechnoServe's, are more suited for addressing production-side conditions (i.e. working at improving the infrastructure of the production side in order for it to compete more efficiently in the market). They concluded that both approaches have been beneficial to the subsector's development but have contributed in different ways. Fair Trade's contributions were more evident at the organizational level (i.e. participating cooperatives became more efficiently structured), but its effects were less noticeable at the individual farmer level. The authors found that TechnoServe, in contrast, contributed more to the



individual farmer's benefit, mostly in increasing the technical capacity of farmers through training and creating opportunities for growers to capitalize on these new skills through stronger grower institutions.

There are similarities between TechnoServe's development approach in Tanzania and USAID's Burundi Agribusiness Program (BAP). BAP also focused on increasing producer knowledge and capacity through education programs and increasing access to specialty markets,

Activities focus on strengthening trade knowledge and the skills of producers and processors. Technical guidance and material support are being provided to enable producer organizations to register legally and form cooperatives that function commercially, including by owning assets with a clear institutional status under Burundian commercial law.

To enhance product competitiveness, producers and entrepreneurs are provided with the opportunity to increase their knowledge of market standards (USAID, 2013).

As the program just ended in November 2012, it is too early to assess the impacts this program has had on the development of Burundi's coffee subsector.

However, both producers and traders interviewed for this study were unanimously positive about their experiences participating in this program.

Growers increased their agricultural knowledge and felt hopeful that changes to their practices will increase their production and quality, leading to higher prices and easier attainment of their needs. Traders were positive because BAP staff increased their access to specialty buyers, leading to higher economic incentives for their companies.

Paige West's work (2012) about coffee production in Papua New Guinea (PNG) is an ethnographic work about Gimi peoples of PNG's Highlands and the local buyers and processors in the capital, Goroka, who are responsible for selling

processed coffee to international buyers. This work is detailed analysis of how coffee trade relations (including fair trade) in PNG affect the lives of not only producers, but of other actors in the production chain. It also includes descriptions of how those in the consuming world view the lives of PNG producers.

Of particular interest to the current study is West's development of the argument that both neoliberalist approaches and "ethical coffee" (i.e. third-party certification) can be harmful to those involved. In particular, she depicts certification as an "audit culture" that is ultimately an "empty political ecology" ideology that only serves to repackage commoditized coffee in a different way. She argues that certification, with its buzzwords (e.g. "improved market efficiency", "improved worker satisfaction") assumes coffee farmers both value these approaches to coffee production, as well as experience benefits from increases in these measures. These assumptions are problematic, West argues, because they do not take into account coffee farmers' and communities' lived experiences and perspectives.

These assumptions are further perpetuated in consuming countries in what West characterizes as "The great trick of specialty coffee marketing", wherein those distributing coffee (e.g. exporters, importers) perpetuate economic inequality, while at the same time communicating the wrongness of this state of affairs. She argues that although certification pays a higher price, it does nothing to change the inherent exploitation of coffee farmers within a capitalist trade system. In effect, certification "allows marketers and consumers to absolve themselves (and capitalism as a whole) at no significant cost (West 2012:247-48)."

West's work is significant in its depth of analysis. The reader is given a fuller picture of the concerns and ideas coffee actors (including producers) have about their work in coffee. It does not provide easy and clean answers to the question of whether particular trade approaches to coffee are better or worse for those

involved, but does provide a richer and more true-to-life basis upon which individuals, companies and governments can approach the complex problem of developing coffee economies.

## 2.5 The Direct Trade Approach to Coffee Trading

The base concept of direct trade has been around since the mid-1990s (Hotvedt 2012:24). A few specialty coffee roasters grew dissatisfied with working throughout traditional importing routes and began dealing with local buyers (“middlemen”). The term “direct trade coffee”, as it is now widely understood and used, was popularized by Intelligentsia Coffee Company, founded in 2006 in Chicago, Illinois. Along with Counter Culture Coffee, from Durham, North Carolina and Stumptown Coffee Roasters, founded in Portland, Oregon, these three companies have been collectively referred to as “The Big Three of Third Wave Coffee”. For the purposes of this paper, “third wave” and “specialty coffee” can be understood as synonymous terms. “Specialty coffee” can be understood as an overall approach and philosophy and “direct trade” is most often the method used to acquire coffee that is considered to be of “specialty” quality. Intelligentsia, Counter Culture and Stumptown are considered to be the most influential of the original specialty coffee companies practicing direct trade due to their prevalence in the media, the volumes of coffee they purchased via direct trade and because they have inspired many other companies, within the US and abroad, to take the specialty approach of sourcing directly traded coffee.

A New York Times article from 2007—written at the time direct trade was beginning to establish itself—featured the direct trade concept and “the big three” responsible for much of its growth in the US. Peter Meehan described the approach of these companies as being modelled after companies such as Peet’s Coffee and Starbucks, which went outside commodity markets in order to find superior coffee. Starbucks bought more than 300 million pounds in 2006, while

Intelligentsia, the biggest of the three, purchased 2 million pounds. However, according to coffee sector development reports, including in Burundi, the specialty coffee market is the only rapidly growing market. While specialty coffee sales currently only make up a small percentage of each country's coffee market, it is a market that governments and producers are paying careful attention and wanting better access to, considering the higher prices offered and potential for stable and long-term relationships with buyers.

There are significant economic incentives for individual producers to sell their coffee through the direct trade route. Meehan's article relates a story where Duane Sorenson, founder of Stumptown, paid more than US \$100,000 for a winning lot of coffee that was submitted to the Nicaraguan Cup of Excellence competition in 2007. This price, when reduced down to dollar amount per pound, earned the farm \$47.06 per pound of green coffee. In comparison, the current minimum Fair Trade price is \$1.40 per pound. Cup of Excellence is a nonprofits group that organizes tasting competitions in Latin America and Africa and is often used as a starting point from which specialty coffee buyers can connect with the best producers in a given country (as evidenced by Stumptown, amongst many others).

There is no formal definition of direct trade because there is no unifying organization that regulates the direct trade practices of all the companies practicing it. Currently, "direct trade coffee" is an umbrella term that refers to companies who work directly with coffee producers and/or producer groups. Most often, prices are negotiated between the two parties and both sides will also discuss their specific needs and requests with the purpose of developing and maintaining long-term relationships. Due to the recent development of direct trade practices and lack of formal literature, it is difficult to assess what percentage of the coffee industry, as a whole, is practicing direct trade. However, according to the Specialty Coffee Association of America (SCAA), the biggest

specialty coffee association worldwide, specialty coffee makes up 37 percent of coffee consumption in the US and nearly 50 percent of the market's value-share. According to Ric Rhinehart, SCAA's executive director, Specialty Coffee is an approach to coffee business that considers actors, potential, preservation and maintenance of quality.

The issue of quality is essential to the direct trade model; it forms the basis of all direct trade partnerships between specialty producers and buyers. As Geoff Watts, buyer at Intelligentsia Coffee put it,

There has to be a real financial incentive for every incremental improvement in quality, but it can't be mysterious... It has to be objective. The grower has to have every reason to believe that his investment in his farm is an investment in himself, not just him doing what some crazy American wants him to. And when they have the same evaluative skills that we do, they can taste their coffees and know what they could be worth (as quoted in Meehan 2007).

Connected to both the ethics and quality-focus of direct trade/specialty coffee is the concept of relationships. Also explained in the Meehan article is the intensive communication required for direct trade relations. In order for buyers to obtain the level of quality they seek, active and frequent interaction with the producer is required. This is another aspect that stands in contrast with Fair Trade coffee standards, which work almost exclusively at the cooperative level. When buyers do not have the ability to connect at the farm level, both transparency and quality potential are reduced. Transparency is important from both an ethics and quality standpoint: being able to trace all the actors involved in coffee production and export provides the final consumer with a traceable route of who is being paid for what. Transparency is also good from a quality perspective, as the buyer can know who to approach about specific practices within each level of the production chain. Even within the fair trade system, there is dissatisfaction with

the cooperative-only policy. In 2011, Fair Trade USA created a distinct policy from Fair Trade International's coffee standards and decided to create the "Independent Smallholder (ISS) Standard". This provides access to farmers owning small plots of land, but who are not organized within a cooperative or association, to Fair Trade certification (Fair Trade USA 2011).

In summary, direct trade is the latest in the evolution of ethical approaches coffee trade. Despite the variety of ways direct trade buyers operate, there appears to be a base consensus on the importance of equity, relationships and quality within these relations. While direct trade practitioners agree with fair trade principles regarding equity, they are dissatisfied with the lack of transparency and hindrance to quality inherent in Fair Trade's structure.

## 2.6 What is Wellbeing?

Happiness and wellbeing are aspects of human existence that seemingly everyone strives for, but is complex to define. What does it mean to be happy? What does it mean to be living a good life? So many factors impact happiness and wellbeing: one's identity, relationships, lifestyle, health level, economic status, the political situation within the society one inhabits, attitude, amongst countless other things.

This thesis employs Gasper's (2004) definition of wellbeing, which is based on objective and subjective perspectives. Objective wellbeing relates to the physical and economic requirements an individual needs in order to lead a good life. Subjective wellbeing, on the other hand, is based on individual self-reports about what a good life entails. Frey and Stutzer (2002), two economists studying happiness and wellbeing, provide some useful indicators for objective wellbeing: income, employment, inflation, and political and economic processes.

The authors argue that studying happiness is interesting for several reasons. From a comparison standpoint, it is interesting to assess how happy various socio-economic-demographic groups are, because these comparisons can lead to understanding how “average” persons within a society experience happiness. Following from this, finding out *what* determines happiness can help to explain *how* individuals can go about obtaining it, in order to increase psychological wellbeing, which these authors believe is an *a priori* societal good. Happy people not only experience increased personal wellbeing, but also behave in ways that contribute to the wider society.

Generally speaking, Frey and Stutzer found that higher income led to happier individuals; unemployment leads to lower levels of happiness; higher inflation leads to lower levels of happiness; better relationships lead to higher levels of happiness; and higher levels of political autonomy lead to higher levels of happiness.

In relation to the finding that better relationships lead to higher happiness levels, Frey and Stutzer present research reporting that people with successful intimate relationships report higher levels of self-esteem and a stronger sense of identity. Such individuals are better able to cope with stress and are better capable of handling periods of personal turmoil and instability.

With respect to happiness and politics, the authors put forth the argument that individuals living in societies that are perceived to be more *just* and *fair* are more likely to feel autonomous and happy. They present the case of Switzerland – a country with more direct democracy and higher reported happiness levels in relation to one’s experiences with the political process. In Switzerland, individual cantons (states) are given individual constitutions, leading to more direct citizen participation in law making.

Citizens living in cantons with more direct democracy report higher levels of happiness via increased satisfaction that individual *rights* (i.e. one lives within a *just* society) and higher levels of individual autonomy (i.e. one feels she has more influence over the organization of the society). In closing, Frey and Stutzer's work contributes to the idea that wellbeing is quantifiable and that studying the determinants of wellbeing can contribute to determining how wellbeing can increase at individual and societal levels.

## 2.7 Concluding Remarks

The ethical and fair trade literature presented earlier illustrates the rapidly increasing prevalence of these approaches in addressing inequity within supply chains. Some in the business community not only acknowledge its participation in global inequalities, but are making efforts toward rectifying them. The notion of CSR recognizes there are benefits to equitable business practices both for the businesses themselves and also for the producers supplying goods in supply chains. On the consuming end of the supply chain, the fair trade literature presented points to the increasing number of consumers demanding more equity in supply chains. Fair trade works on behalf of the coffee consumer and what is "fair and equitable" is placed in the hands of fair trade organizations.

In both cases, researchers have been critically assessing the efficacy of these approaches in addressing inequality concerns. Based on the literature presented earlier, the consensus is that ethical and fair trade approaches are benefitting the producer, but that the voice of the producer is missing in the discussion.

Blowfield points out the need for including the producer's perspective, as it is the status of *their* wellbeing and sense of equality, that forms the basis for ethical and fair trade standards.

Missing from the discussion is direct trade coffee literature. Ethical and fair trade approaches to coffee trading are relevant: direct trade derives some of its basic



principles from these approaches. But it is a distinct and increasingly popular method of doing business in coffee. Due to its increasing prevalence within specialty coffee, itself a growing segment of the wider coffee industry, it is a subject that requires its own analysis and scrutiny.

Finally, there is a paucity of literature focused on the producer's own perspective and experience working within any of these approaches. The wellbeing framework can contribute in this regard because it considers both objective measures of wellbeing, as well as how individual's conceive of their own happiness and the things necessary for a good life. This study is an effort at contributing to the discussion of how the direct trade coffee model is influencing the livelihoods of coffee producers, through the eyes of producers and their buying partners.



## **3. Methodology**

### **3.1 Introduction**

The purpose of this chapter is to introduce the site of this study, and outline the methodology and data collection used in this study. I will briefly discuss the tradition of interviewing for qualitative data collection and then describe my own interview approach. Next, I will present how my data was analyzed. Finally, I will outline some ethical considerations, as well as some challenges and limitations I encountered in using the interview method.

### **3.2 Overview of Burundi and its Coffee Subsector**

Burundi is a land-locked country in Central-East Africa, counting Tanzania, Rwanda and the Democratic Republic of Congo as its bordering neighbours. There are three official languages in Burundi: French, Kirundi and Swahili. French and Kirundi are the dominant languages for business and government affairs; however, French is limited to those with formal education.

In Burundi, coffee earns the largest share of export revenues (80 percent) in the country and 600 000 families, or 90 percent of the population, rely on coffee production for their livelihoods (USAID 2013). According to the 2012 UN Human Development Index (HDI), Burundi ranked 178 out of 186 countries. The HDI measures life expectancy, education and income – aspects of life related to the economy, politics, and level of development of the country.

Coffee is political in Burundi: with 90 percent of the population deriving their income and livelihoods from its production and sale, it involves all aspects of society and requires thoughtful strategy and action in its continued development. This thesis considers the economic and political aspects of the coffee subsector in

relation to its study of the wellbeing of Burundian coffee producers. Chapter 4 provides an in-depth overview of the coffee subsector's organization and structure.

Interviews took place in Bujumbura, Burundi's political and economic capital, and the region of Kayanza, Burundi's most internationally recognized coffee-producing region for high quality, Arabica coffee.

### 3.3 The Qualitative Approach

Qualitative methods are valuable for researchers looking to explore in-depth issues that are challenging to quantify. If a researcher is seeking to understand how someone/some people perceive a given phenomenon and their relation to it, the qualitative approach is ideal because the participant is the locus of inquiry. As Brockington and Sullivan state, the qualitative method,

seeks to understand the world through interacting with, empathising with and interpreting the actions and perceptions of its actors... if we reflect on the reasons for asking questions which require qualitative methods, and the nature of the answers they provide, it becomes clear that qualitative approaches also embrace significant philosophical debates regarding the nature and implications of subjective experience...(2003:57).

Qualitative inquiry is not simply about illuminating the complexity of the social world; social research is an interactive process that accurately reflects the ever-changing nature of social relations. Whereas quantitative inquiry posits that the world is observable and can be described and categorized: the purpose of qualitative study is to interpret the ways in which individuals understand and perceive the world around them. Quantitative inquiry's ontology posits there is a world *out there* that is universally experienced and perceived. This means the epistemological role of the quantitative researcher is to observe and transcribe

these events. Theories about phenomena are either supported or refuted through observation—in this way, it follows the natural sciences in asserting that knowledge can be confirmed by the senses (Bryman 2008:13). In contrast, qualitative research takes the ontological position that the world is constructed; therefore, the epistemological role of the researcher is to examine, interpret and present the way those under study understand and perceive the world around them.

Quantitative and qualitative methodologies conceive the nature of being and knowledge differently, but both are undertaken in order to make sense of the world. Research, in general, is a rigorous way of examining and presenting events. The quality of a study matters, even if the basis of that enquiry differs. What constitutes *quality* is different within quantitative versus qualitative research. For instance, *validity* in quantitative research matters—the instruments and measurements used in quantitative research are vitally important because researchers are attempting to draw universally recognizable conclusions; thus, repeatability and consistency in subsequent study is important. Because of the interpretive nature of qualitative research, validity is not used as a benchmark to determine a study's quality.

Bryman (2008:377) suggests *trustworthiness* and *authenticity* as two measures that can be applied when evaluating the quality of a qualitative study.

Trustworthiness is based on four criteria: 1) credibility; 2) transferability; 3) dependability; and 4) confirmability. A study is *credible* if the account of events is accepted by those who were studied. In *transferability*, depth of description is important because although the account is unique and context-dependent, the description should be able to provide readers with enough information that they can infer conclusions, or judgments about what has been presented. Whether a study is *dependable* is based on how thorough the researcher has been in keeping record of how and what they have observed. In other words, if the reader is

acting as auditor, the study is dependable if the events of the study's timeline can be followed easily, through things like interview transcripts, fieldwork notes, data analysis approaches, etc. Finally, a study is *confirmable* in its *authenticity*. That is, does the study fairly represent the views of the informants and does the study provide insight and better understanding of the issues in question?

This study is concerned with how coffee producers in Burundi experience direct trade; how this trade model affects their wellbeing. As the locus of inquiry is the individual—how he or she experiences (as a producer), or believes a producer experiences (from the perspective of a coffee trader) direct trade coffee trading—a qualitative approach is necessary. There were no preconceived hypotheses about what informants might talk about. The purpose of doing fieldwork was to ask and discover what wellbeing means to them and then find out whether and how direct trade impacts this conception of wellbeing. The qualitative approach comes closer to presenting these unique perspectives.

With respect to quality, I have undertaken several measures to ensure this study's trustworthiness and authenticity. I have attempted to establish the *credibility* of this study by interviewing a cross-section of people working in various levels of Burundi's coffee production chain, as well as through contrasting the views of producers with those of traders. In some instances, I have interviewed several within the same level in order to determine, with some consistency, the major themes of this study. Because Burundian culture is vastly different to my own, I chose to talk to one of my interpreters about it. It was helpful speaking with Ange about culture and differences between our cultures because she has lived and travelled abroad to cultures more similar to my own. Thus, her descriptions and observations about her own culture have been analyzed through the lens of someone who has also experienced some of the same things as me. This hopefully provides for deeper interpretations of the issues brought up throughout the interviews producers. During the course of fieldwork, I kept regular and

detailed fieldnotes and ensured each interview was recorded and catalogued for future reference, for the purpose of maintaining this study's *dependability*. In section 3.4, I provide a detailed description of how my data was analysed and why I chose to analyse using the methods I did.

### 3.4 The Interview

Interviews are a way of enquiring into a person's point-of-view. I believe its structure and purpose was better suited than other methods for this study. In order to illustrate why I chose the interview method, I contrast it with a few other qualitative approaches.

First, while I believe the ethnographic approach provides for the deepest insights into how individuals perceive phenomena, I was constrained in time and resources. The ethnographic approach is how I would have ideally explored the questions of this study. Secondly, conducting focus groups was irrelevant because I was not interested in how group dynamics influence and construct meaning. Rather, I was interested in individual perceptions. Third, in the conversation analysis option, *speech* itself is analyzed within the context they are used. This was irrelevant because I was interested in the *content* of what informants said. Finally, discourse analysis, which analyzes communication forms other than speech, aims to determine how linguistic categories relating to a phenomenon shape the way one comprehends said phenomenon. Again, I was interested in the content of what informants spoke about in relation to wellbeing and direct trade coffee.

There are many types of interviews with varying degrees of structure—organized to open interviews. The less structured, the more the informant has the freedom to express his or her thoughts and ideas. In an unstructured interview, the interviewer prepares a list of topics (i.e. an interview guide) and the style of

questioning is informal. Depending on the interview, different phrasing and sequencing of questions are employed (Bryman 2008:196).

For this study, I have chosen to employ the open/unstructured interview method. There are a variety of reasons I chose this method, but two of the main are the lack of research about direct trade impacts on producers, and my interest in learning as much about individual experiences with direct trade as possible. In the company literature of specialty coffee companies, stories are being communicated to coffee consumers. Stories about individual farmers, about cooperatives, specific varieties of coffees being grown, stories of coffee buyers in the global North travelling all over the world in search of the next “special coffee gem”. These accounts are rich and nuanced and provide the consumer with detailed pictures about the lives of the people being described and interacted with. They put *faces* to the complex world of the coffee trade.

From a research perspective, open answers from participants provide readers with a deeper understanding of how those under study are experiencing the phenomenon in question. My primary concern during fieldwork was to learn about how informants view direct trade and its impacts on wellbeing. Ideally, I would have chosen the ethnographical approach because it provides for deeper insights. However, both time and logistical considerations (e.g. living with an individual or specific group of people) hindered me from undertaking an ethnographical approach to this study.

### 3.5 Data Collection

Before departing for Burundi to do my fieldwork, I prepared interview guides (see Appendices A & B) for the two informant groups of this study: Burundian coffee producers and traders of Burundian coffee. I wanted to compare the views of these two groups on how they believe direct trade impacts the livelihoods of coffee producers.



I wanted to give my informants the freedom to speak freely about their views, but was also interested in some key topics, so I prepared interview guides for each group. For the producers, the questions and topics focused on whether and how direct coffee trading is affecting the informant's own livelihood: how they experience and think about direct trade in relation to their own life. In contrast, the interview guide for coffee traders targeted how the informant views the affects of direct trade on producers; observations and perceptions the informant have on how direct trade impacts the livelihoods of producers.

I arrived in Burundi in the beginning of October 2012 and spent two months in the country before going to Nairobi, Kenya for the final interview. When I arrived in Burundi, I only had my interview guides in-hand and access to one contact person working for a US Agency for International Development (USAID) funded development project. I knew about this person through my profession as a coffee trader and determined that I would have better success planning my fieldwork with her expertise.

### *Gatekeeper*

Lyse was my gatekeeper during fieldwork. According to Crang and Cook (1994, as referenced in Brockington & Sullivan 2003:34) a gatekeeper is an individual the researcher relies upon to make contact with individuals in the community under study. Though necessary for those doing research in unfamiliar places, gatekeepers can be problematic in their bias in determining who is 'most interested' and 'interesting' for the researcher to meet.

I chose Lyse as my gatekeeper because she is well-connected in Burundi's coffee subsector: she is one of only a handful of coffee professionals in Burundi who understand what specialty coffee is, and has lived and worked abroad in the US, giving her better understanding of the cultural and professional context I come from. She was working for a development project targeted toward improving the

quality and production of Burundian coffee: USAID's Burundi Agribusiness Program (BAP), which ended in November 2012. BAP was charged with executing a five-year agenda to develop Burundi's coffee, dairy and horticultural subsectors into increasingly private enterprises. As the marketing specialist of BAP's coffee team, Lyse was the person responsible for coordinating international buyer visits in Burundi.

As my gatekeeper, Lyse helped schedule some of my interviews, put me in touch with Ange, one of my two interpreters, and provided background information about Burundi's coffee production chain and subsector development.

### *Planning*

The first step in planning my fieldwork was to identify producers of specialty coffee who also have experience with direct trade sales. As Lyse and I began the process of determining who I should interview, it became clear that *who* a coffee producer is in Burundi, is not clearly distinguishable. This is a topic that I will return to in greater depth in Chapter 4.

## *Interviews*

Interviews were all recorded for later transcription and analysis, and ranged from 30 minutes to one and a half hours. “Coffee producer” interviews were conducted in Kirundi and English, with the assistance of a translator. The one exception was my interview with a Regulatory Authority of Burundi Coffee Subsector (ARFIC) official. This one was conducted in English. All four of the trader interviews were conducted in English.

I began all my interviews using the interview guide in order to collect basic information. Based on the informant’s understanding and/or experience with direct trade, I followed the structure of the guide more or less closely. In addition, with informants who either had less time to talk, or were less engaged in the interview, I followed the guide more closely. In speaking with individuals more interested in speaking freely, I limited steering the interview to times when the topic fell outside the development of the coffee subsector, or their life experiences as they related to coffee production and trade.

It became quite evident early on that the interview guide I had prepared for coffee producers was not especially relevant to speaking about Burundi’s coffee subsector. One major reason is that cherry growers are not the ones meeting and negotiating with direct trade buyers—these meetings are occurring at the level of washing stations. Thus ‘coffee producer’ in the context of direct trade sales is more accurately applied to coffee washing station owners and managers.

Washing stations *produce* coffee in the sense that these facilities take the cherry product and turn it into another product that is closer to the coffee commodity exported out of the country.

I was still interested in interviewing cherry growers, however. Cherry growers make up the vast majority of Burundi’s population involved in coffee production. They also make up the poorest group in the production chain and are least

compensated for their work. Cherry growers are what most coffee drinkers visualize when they think about coffee producers.

In Bujumbura, I met with an official from ARFIC, a coffee washing station owner, the president of Burundi's largest coffee growers' association and three coffee traders. All six informants were men between the ages of 30-60. The trader with the least experience has been working in coffee for 1.5 years and the trader with the most experience has worked in coffee for over five years. All three traders are expats: one from the US, one from Kenya, and one from France.

The last trader interview took place in Nairobi, Kenya. This man has been working in coffee for over 30 years, is in his mid-50s and was born in the UK.

I travelled to the northern province of Kayanza to meet with cherry growers. Kayanza is where specialty coffee buyers are currently focusing their attention. I made two trips to Kayanza and met with seven full-time cherry growers, one SOGESTAL (government operated coffee management group) manager, and one cooperative manager. Three of the seven interviewees were women; four were men. Their ages ranged from mid-30s to mid-60s.

As noted, most of my informants were men. Burundi is a conservative and male-dominated society and therefore, the majority of those working in the government or as higher-paid professionals, is male. It was easier to meet with women during my interviews with cherry growers because cherry production takes place at the household level.

### *Interpreters*

I used two Kirundi-English interpreters throughout my interviews with coffee producers. He first translated for me during my meeting with a washing station owner and then again during an interview with four cherry growers delivering to that same washing station.

The first translator is a Congolese man in his mid-40s who has never been outside East Africa. He had a professional background as a schoolteacher and later started working as a translator for coffee professionals. Our lack of professional and personal similarities, combined with coming from very different cultural perspectives meant that we had little to relate on after the interviews were over.

Ange, the second translator, has lived and travelled abroad for a significant part of her life—she lived in the UK for 10 years as a refugee during Burundi’s civil war in the 1990s. Ange often expressed relating to me on personal and professional levels and was personally invested in the things she learned from the coffee producers we interviewed. Ange ended up contributing much more than language translation for me; she also provided valuable cultural insights during our debriefings after interviews. Her reflections during these conversations changed the way I conducted subsequent interviews and contributed to my understanding of the data during analysis.

Throughout our field trips, Ange reflected a lot on how she perceived the things she was hearing from the informants. She was able to clarify and enrich many of their thoughts for me, given that she shared a language and cultural background with them. Discussing this study with Ange influenced the way I approached later interviews—they became much less structured than the earlier ones.

### 3.6 Data Analysis

Bryman presents the method of qualitative content analysis, which “emphasizes the role of the investigator in the construction of meaning of and in texts (Bryman 2008:697).” Within the context of this study, informants’ responses to questions were analyzed.

The analysis of the data involved reviewing transcripts and/or fieldnotes and labelling ideas that were of potential theoretical significance. Coding qualitative data is different than coding quantitative data. Quantitative coding is a form of data management, whereas qualitative coding in this study was *interpretive*.

I qualitative content analysis was the method most suited to addressing the individual views of the informants I interviewed. Rather than coming into interviews with a hypothesis about how informants might view the research question, I was more interested in having the informants' responses determine the themes of this study.

After all the interviews were transcribed, I went through each and made codes for each idea or theme I encountered. I determined a thought to be a theme if it addressed coffee production; coffee trading; the informant's livelihood or perceived affects on a producer's livelihood, as related to coffee production; the idea of *the good life* and/or one's standard of living.

Once all the codes were identified, the major themes of this study were determined based on the number of times the theme was mentioned, as well as how relevant the theme is to the overall question of direct trade's impacts on producers' livelihoods. I then summarized all the responses related to the major themes and isolated the common ideas underlying each informant's responses.

### 3.7 Ethical Considerations

#### *Anonymity*

In order to avoid complications associated with privacy, I have anonymised the informants of this study. Informants were informed about the purpose of the study and were told that they would remain anonymous. I use the real names of my gatekeeper and one of my translators, however, because they expressed interest in being recognized for their contributions to this work.

#### *Cultural and Historical Sensitivity*

When preparing the interview guides, I decided to omit questions about Burundi's civil wars. While I believe the country's historical and political contexts have had and continue to contribute greatly to the development of Burundi's coffee subsector, I did not want to recall painful memories or sensitive issues with my informants because I did not feel it necessary in fulfilling the goals of this study.

I did speak with my one of my interpreters, Ange, about her views on how and whether Burundi's civil wars have impacted the development of the coffee subsector. Her thoughts on these issues indirectly influenced how I approached data analysis in that they provided a broader context to the themes the informants spoke about. They helped clarify the major themes of this study from more of a Burundian perspective.

### 3.8 Challenges and Limitations

The interview guides I prepared before arriving in Burundi were inadequate in addressing the diversity of experiences and backgrounds I encountered. It did not make sense for me to only meet full-time cherry growers once I learned that

coffee production is managed by people working at different levels in the production chain. In addition, my initial method of asking a series of questions about how direct trade is defined and how the informant conceives of wellbeing did not address the reality that direct trade at the grower level does not yet exist in Burundi. Even if I am to use a loose definition of direct trade that is not focused on working with individual growers, direct trade is only in the beginning stages of being practiced at the washing station level.

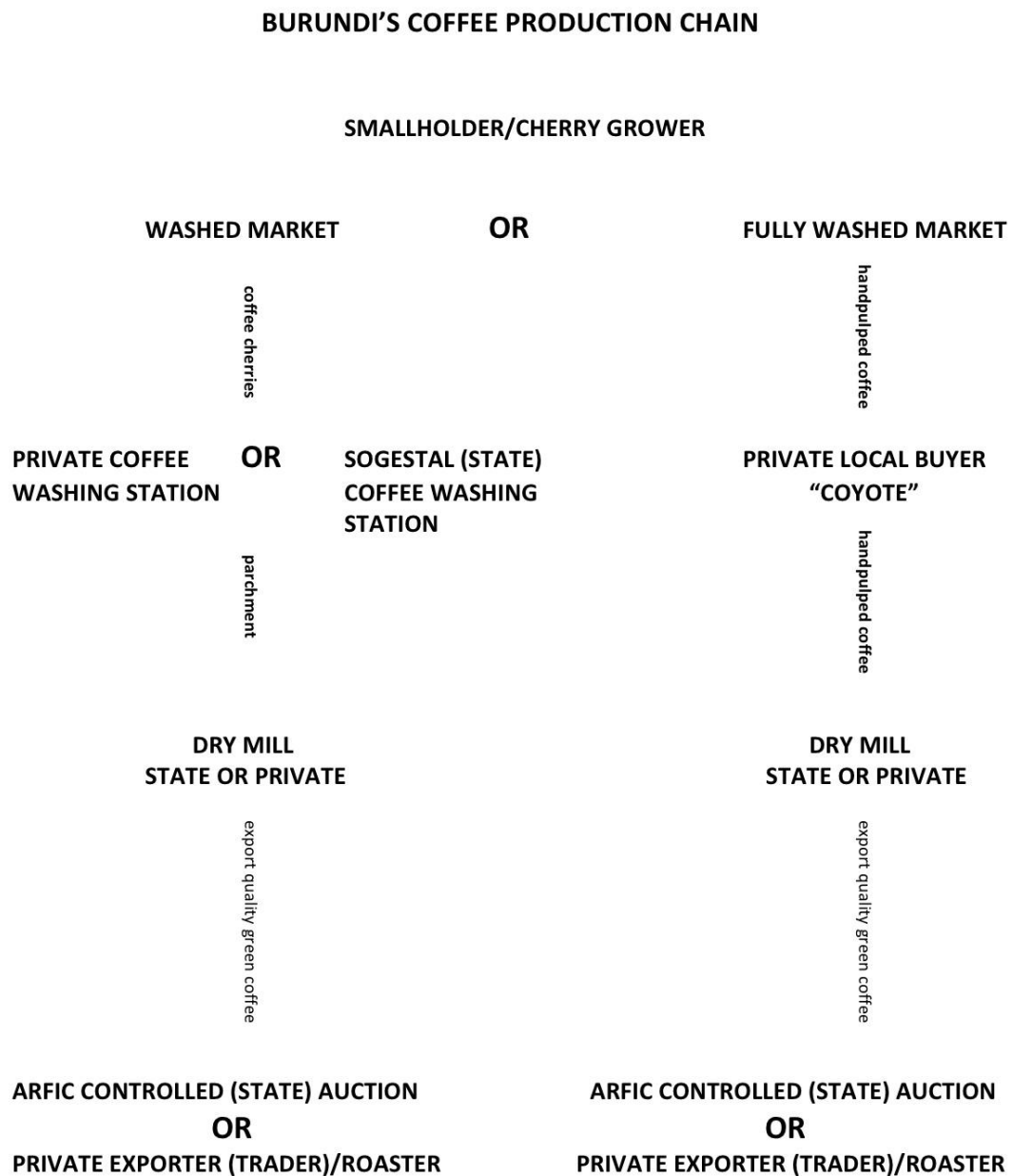
From a methodological standpoint, I feel that interviews do not go in-depth enough into how informants perceive and experience. Even with longer and more detailed interview guides, there is an inherent hierarchy between the person asking the questions and the person responding. The focus of this thesis is on the concept of direct trade, but in order for an informant to truly describe their experience with it, their personal history, language and culture, educational background, gender, etc., all factor. As I mentioned in section 3.2, I believe the ethnographical approach is better suited to gaining a deeper understanding of how an informant/participant views a given phenomenon. However, time and logistical limitations hindered the use of this method during the study.

Two clear examples of the limitations I encountered with the interview guides I prepared in advance were: 1) Some of key themes that came through during analysis would not have made sense if not for the conversations I had with one of my interpreters about Burundian history and culture and 2) The most detailed and informative interview I conducted amongst the traders was the one that followed the structure of the interview guide the least.

In expressing all of the above, the guides were valuable in collecting informants' personal information and they also acted as valuable fallback material during interviews where the informant had less time to speak, or was less engaged. In addition, carrying out long unstructured conversations with all the informants I met for this study would have required a lot more time in Burundi than I had.



## 4. Direct Trade Through the Eyes of Burundian Coffee Producers



## 4.1 Introduction

The aim of this chapter is twofold: 1) Describing Burundi's production chain, based on the opening diagram; and 2) Presenting of the three major themes identified from analysing fieldwork data coming from Burundian coffee producers. The three prominent themes are: "powerlessness", "politics" and "intercultural exposure".

I believe these concepts provide a basic illustration of the current challenges Burundian producers face as the coffee subsector transitions from an almost entirely state-owned enterprise to a liberalized and private one. The names of my informants have been changed in respect of their privacy.

### 4.1 Organization of Burundi's Coffee Production Chain

Coffee production is a complex system made up of many sites and actors. Every producing country is organized differently with varying degrees of private and state participation. Burundi's coffee subsector is made up of two distinct markets: "washed" and "fully washed". Based on the estimates of two of my trader informants, each market represents approximately half of the country's coffee production. Distinctions between the two markets come down to how coffee cherries are processed after being picked, and how and to whom these cherries are sold.

It is not easy to distinguish *who* a Burundian coffee producer is. Many Burundians owning plots of land used for coffee growing are also washing station owners and government officials. A washing station owner can be defined as a *producer* because his or her facility produces a distinct commodity that is bought and sold before coffee is exported to a consuming country. Then there are the majority of individuals earning the majority of their income from growing coffee cherries on their farms. These people are also *producers* because the

cherries being grown and harvested on their land are the first commodity being purchased and sold before export.

Coffee production begins with the cherry grower – the person owning and tending a plot of land planted with coffee bushes. Cherry growers are commonly referred to as “coffee farmers” in both academic and coffee industry literature. I prefer and use the distinction “cherry grower” because the term “coffee farmer” is ambiguous. Most coffee consumers do not know that after coffee is grown and picked, it is often processed, sold and shipped by different people. In the case of Burundi, cherry growers do not know what happens to their coffee once they have sold it to a local buyer, or delivered it to a washing station.

A “local buyer” is a person who travels from farm-to-farm offering to buy cherries and pays cherry growers in cash up-front. Local buyers operate outside the laws and structure provided by the government-run L'Autorité de Régulation de la Filière Café du Burundi (ARFIC) – the Burundian coffee sector’s regulation board.

In the “fully washed” scenario, once coffee has been picked on a cherry grower’s plantation, it is sold either to a SOGESTAL, or a private coffee washing station. Up until 2008, Burundi’s 130+ washing stations were organized into regions closely related to Burundi’s geo-political provinces. Each region’s coffee washing stations were then placed under the management of a SOGESTAL: a mostly, but not exclusively, state-owned management company charged with buying coffee cherries, then processing, marketing and finding buyers for the processed coffee. State-owned dry mills were responsible for milling the parchment, then packaging and storing the green coffee before export.

As of 2008, in a major effort to move ahead with the coffee subsector’s liberalization and privatization processes, the government began selling washing stations to private companies and persons. As a result, there is a decline in the

amount of state-ownership of SOGESTAL washing stations. The traders I met speculated that even with increased private ownership of SOGESTALs, the power and influence of these companies will diminish over time, in favour of fully private washing stations.

Dry mills were also state-dominated before 2008 and are increasingly being privatized. There are currently eight dry mills and some of the same companies fully owning and operating washing stations also own and operate dry mills. Generally speaking, it is the washing station that sells coffee to international buyers. In the cases where the washing station owner does not also own a dry mill, the dry mill is paid a fee for milling parchment, packaging and storing coffee before it is shipped to the international buyer.

Also included in the diagram is Burundi's coffee auction: a government operated marketing and sales structure wherein regular (e.g. weekly) catalogues of coffees are made available to buyers who bid on individual coffee lots. Prior to the major push toward privatization in 2008, much of Burundi's coffee was sold through auction because the government and SOGESTALs were ill-equipped to deal with the marketing challenges of finding buyers. Since 2008, the amount of coffee being sold through auction has been mostly limited to worst quality lots, which fetch low prices. "Quality" within the context of auction sales, refers to ARFIC definitions, rather than the standards determined by international buyers. The topic of quality is a topic all its own and will be treated more fully in the next chapter.

After coffee has been processed and sold, either directly to a buyer, or through auction, it is transported to an importer or a coffee roaster. In the case of coffee purchased by an importer, another layer is added to the production and consumption chain: coffee is sold to a roasting company who roasts the "green coffee" (i.e. processed and export quality) and either serves it to the final consumer in its own coffeeshop, or sells the roasted product.

Throughout the course of fieldwork, I interviewed individuals from each level of the coffee subsector and found that there is much diversity in how coffee professionals in Burundi experience and understand the coffee trade and their work within it. This chapter's diagram was developed in order to clarify the roles of my informants.

In the “washed” market, growers do the work of coffee washing stations in removing the fruit and skin off the seeds (i.e. coffee “beans”) manually, drying the coffee and then selling this “parchment” (parchment is the hard layer in between the fruit and seed) to local buyers (often referred to as “coyotes” by international buyers) who pay for this product in up-front cash. These buyers then sell the parchment to dry mills where the parchment layer is removed and is made ready for export. The washed market is enticing to cherry growers because prices are competitive. This is in contrast to the “fully washed” market, where price is dictated by the washing station.

Since washed coffee is paid for immediately in cash, cherry growers can purchase and access their basic needs: food they cannot or do not produce on their land (e.g. meat); medicine and other health services; agronomic items for their crops (e.g. fertilizers and pesticides); children's school fees, etc. Every grower I spoke with talked about the importance of cash for daily living. As one woman succinctly stated, “Money is the solution for everything. For me, the ideal is money. If I have money, I've got everything [I] need. Whatever [I] need, [I] get because [I]'ve got money to buy it.”

The “fully washed” market begins with the grower selling her cherries to a washing station that usually issues a receipt for later payment (typically at the end of harvest), once the washing station has found a buyer for the processed coffee. The fully washed market is government-sanctioned and preferred by international buyers due to the following:

1) Cherries sold on the washed market are difficult to monitor and control. Up until recently, the government owned all of the washing stations and dry mills, giving them full control over the market.

2) Quality is compromised on the washed market because coffee is hand processed; growers literally scratch the fruit and skin off the cherry on hard surfaces, which degrades the parchment. Once the fruit is scratched off, it is often not dried and stored properly before being transported to the dry mill, causing further degradation to the coffee. Subsequently, this product cannot be sold for higher prices, as it is evaluated to be of lesser quality by international buyers.

3) Hand processing is time and labour intensive for growers. Growers often have a hard enough time paying labourers to pick cherries because pickers are usually paid in cash. Paying for additional labour to process the picked coffee is expensive.

4) Local buyers may not be long-term buyers, creating economic uncertainty for cherry growers.

While the Burundian government and buyers do not accept/prefer working with washed coffee, competition in the fully washed market is not strong because washing stations have not been offering good prices for coffee cherries. Fully washed prices are low because they are based on government speculation on what international market prices will be. This pricing mechanism is slower to respond to market fluctuations than prices offered by local buyers, who are quicker to react to price fluctuations. As Charles, one of my trader informants, explained more fully,

“the price that the SOGESTALs paid [is] based on the previous year’s price, their perceived production and so on and so forth, whereas the middlemen that are buying the parchment, they would speculate that the price would go

up, there would be more competition because the crop was much lower and therefore, that would, in itself, increase the price that they were willing to pay. They're also much closer to the real price discovery mechanism, as much as what the exporter can effectively pay for the unprocessed coffee...they know what the market is... The market – you can't impose a price. The market imposes a price.”

This paper is focused on the fully washed market, as it is the channel through which direct trade occurs. Definitions on “direct trade” vary almost as much as the number of existing coffee companies practicing or identifying themselves as direct trade businesses, but there are a few underlying and common principles. One is the notion of “transparency” – the idea that each individual or party involved in the production and sale of coffee, as well as every action made by and amongst these actors, is identifiable. Transparency is less feasible in the washed market as a result of the market being less structured, less organized and non-legislated. In contrast, the fully washed market is legislated by the government and international buyers have better access to, and knowledge of, the parties responsible for each level of production.

The following three themes emerged through my interviews with seven full-time cherry growers, a washing station owner, an ARFIC official, a SOGESTAL manager and the leader of an umbrella organization of coffee growers' cooperatives. The analyses focus on the testimonies of the cherry growers and washing station owner because their occupations are most directly related to coffee production.

## 4.2 Powerlessness

The theme most discussed amongst the cherry growers I met is the notion of powerlessness, which was most often expressed as frustration and feeling a lack of control over one's own livelihood. Growers expressed feeling powerless in a variety of ways, including frustration and insecurity in not knowing how coffee prices are arrived at, or why they fluctuate from year-to-year; anger from feeling cheated by washing station owners or the government; helplessness at not having the proper resources to ensure more stable or higher coffee production.

What typically underlay growers' frustration with their work in coffee was a perceived lack of control or knowledge. Whether the topic was about coffee prices, or what kinds of things might contribute to a better standard of living, or how the coffee subsector can be better structured to make their work easier or more fulfilling, grower responses typically ended with the informant expressing a sense of powerlessness over being able to impact the state of Burundi's coffee subsector. The situation was typically summarized as being "out of my hands".

This notion of powerlessness first began to solidify after I met with a grower who has been delivering his cherries to a washing station that is internationally known as producing some of Burundi's highest quality coffee. I knew before arriving at this particular washing station that it receives higher prices for its coffee because of my experience working for a roasting company that had purchased its coffee. I visited this washing station because I wanted to find out whether these higher prices are being passed on to the growers. I was also curious about what set this washing station apart from all the others. In addition, I questioned whether these growers are enjoying a better living standard than those delivering to other washing stations. Burundi cherry growers are simultaneously free and restricted in which washing station(s) they deliver to. They are free to deliver to whichever washing station they choose, but their choices are often practically restricted by distance and a lack of access to transport. Unless a grower has experienced or



heard negative things about the nearest washing station, she will deliver her cherries there.

Jean has been working with the Bwayi washing station since 1993 and explained that he prefers working with this station because he receives good agricultural advice from its management and can rely on the station paying him when promised. When asked about his thoughts on direct trade, Jean explained that he has never met an international buyer and has not experienced any potential benefits from direct trade relationships between the washing station and international buyers. One of my follow-up questions to these statements was whether Jean receives premiums after coffee has been sold internationally. Because international buyers pay for green/processed coffee months after cherries are paid for, I was curious as to whether this washing station was passing on any bonuses or premiums on to growers if it earns higher than expected prices. Jean explained that growers do not know whether premiums are paid to the washing station because it is the management of the station that deals with the buyers, not the growers. Since the station is the party paying the growers, the price paid for cherries is determined by the station. Jean feels that pricing is out of his control and that he can only accept what he has been told. When I later asked him about how the system of buying and selling cherries could be improved, Jean stated that he and some of the other growers he has spoken with are “fed up”,

Me as a grower, I don't know much. All I know is that I faithfully take my cherries to the washing station...over there, they wash it, dry it, do whatever. So the problem is that from that place to the ones that buy, I don't know. I'm not happy because I do what I'm supposed to do but I don't know the rest. Sometimes they tell us that the taste wasn't good, or some other times they tell us that the cost or expenses they had to endure for transport or whatnot, that they were high...other times they tell us the

demand for Burundi coffee is good but it was in lower quantities, so therefore was bought at a lower price. But I don't know... As you can see, [direct trade] is not possible. Growers are different. I'm a grower but I have to rely on someone else like him [points to the cooperative manager] and if he tells me that the coffee wasn't good or that the price was low, I don't have anything else to...how would I know what he's telling me is true or not true? Because you know, people are very difficult, people will have their own greed and there's nothing we can do.

At the end of our interview, Jean expressed that there are always high hopes amongst growers that coffee prices will increase, which are usually followed by disappointment and struggle when they don't. What this means on a daily basis for Jean and his family is that there is always a struggle to pay workers, it is always difficult to pay for the grandchildren's school fees; there seems to never be enough money to maintain the family's basic needs.

In another set of interviews, I met with four growers delivering to the same washing station. On the subject of what effects the liberalization and privatization of the coffee subsector has had on their livelihoods, all four expressed the desire to have the opportunity to meet with and work directly with international buyers because they feel that at present, they lack knowledge about how prices are determined, leaving them feeling that they cannot control how to meet the daily needs of their households. Like Jean, these four growers feel powerless: a lack of control over production levels, lack of access to land, and not having enough money to pay for basic needs. When I asked for their thoughts on how the coffee subsector can be organized differently to make life easier, each grower talked about the helplessness and frustration they feel about their lack of knowledge and involvement in the determining of coffee prices, just as Jean had. One of the growers stated, "As a farmer, I do not have any decision about how to change the coffee system. That is the government's problem, or what the

government can decide. That's what I will follow." Another described her confusion as to why coffee is bought at a higher price one year and at a lower price the next. The result of these seemingly nonsensical price fluctuations meant that this grower does not know how her life will change each year. She never knows what price she will receive for her cherries and is therefore unable to plan for her short and long-term future.

In contrast to how growers feel about the current structure of washing stations determining the price paid for cherries, several of the growers I spoke with were quite positive and open to the concept of direct trade between themselves and international buyers. Two of the growers I met with expressed the idea that meeting with international buyers would provide them with a better sense of control and autonomy over their work and the prices they receive for cherries. They both felt that even if prices cannot be negotiated directly with them, the presence of international buyers creates more competition amongst the washing stations, thereby increasing transparency and the prices. The idea of direct trade interactions are, in themselves, seen as a beneficial. Direct trade, to these growers, has the potential to provide a sense of control over their participation in coffee production, through more knowledge about it.

## 4.3 Politics

Another frequently occurring theme throughout my interviews was the role of politics in the coffee subsector and the effects politics have on producers' livelihoods. *Politics* and *powerlessness* were often discussed in parallel to one another within grower discourse about the coffee subsector's history of being controlled by the government. The context of a state-owned coffee subsector is how the current generation of coffee producers view and make sense of how Burundi coffee is produced, bought and sold.

To illustrate the impacts of politics on a Burundi coffee producer's work and livelihood, I present the case of Francois, one of my informants who can count coffee growing, washing station owner and former SOGESTAL manager amongst his occupations within Burundi's coffee subsector. Working in coffee has been a multi-faceted experience for him, due to the diversity of his work. As an owner of a coffee plantation, he experiences similar challenges that full-time cherry growers face in the agricultural and market (i.e. price) aspects of producing cherries. As a recent owner of a washing station trying to solicit direct trade sales, Francois has experienced the benefits and challenges of working with international coffee buyers. Francois' experience working for a SOGESTAL provides insider awareness to the ways in which the Burundian government's management of washing stations has affected the coffee subsector as a whole.

Francois started working in coffee when it was completely under government control. He explained that the decision to liberalize the sector and privatize the washing stations was largely due to recommendations made by donor countries and organizations (e.g. Belgium, the World Bank). From Francois' perspective, this move has been a positive change for the subsector. For example, marketing in international markets was difficult when the subsector was under government control because the government did not have marketing expertise. Specialty

coffee buyers were not interested in Burundian coffee in the way they were interested in coffees from nearby neighbouring countries like Kenya, for example, which has a longer history of a liberalized coffee subsector.

In Kenya, private companies have been operating for long enough that marketers have been able to develop a good reputation for the country as a destination for high quality coffee. Francois focused on the marketing aspect of working as a private actor in Burundi's coffee subsector because his livelihood depends on developing long-term partnerships with buyers who are willing to pay higher prices for his washing station's coffee. Francois decision to target specialty buyers has meant that he has invested a lot of money into better equipment, higher wages for his workers and better agricultural techniques. He does not currently feel that these investments have paid off, but believes that liberalization of the coffee subsector is a positive move forward for coffee entrepreneurs like him.

In summary, Francois believes government control of the coffee subsector was detrimental to both its development, as well the livelihoods of those working within the subsector. To him, privatization has meant better opportunities in obtaining a better living standard. Less government influence and control of the coffee subsector has led to more individual control over living the kind of life one determines is best for himself and his household.

On the other hand, the liberalization process has not been a smooth and easy transition for Burundian coffee. Coffee professionals' lack of experience working privately combined with a long-standing lack of interaction with international buyers has led to private operators, such as Francois, to grapple with learning the ins and outs of direct trade sales on their own. Operating a washing station is familiar to Francois; his years of working as a SOGESTAL manager has equipped him with the knowledge and techniques needed to buy and process high quality coffee. As a new owner of a washing station, however, Francois is

confronted with having to market and sell this coffee – an added dimension to his occupation that requires entirely new skillsets. He now has to learn how to cup and evaluate his coffee in order to understand what buyers are looking for. He has to make contact with potential buyers, which means international travel and learning other languages, amongst other things. In short: being an owner of a washing station wanting to produce and sell high quality coffee is time and resource-intensive. It is a challenge that Francois has accepted – he sees the high quality specialty market as the way forward – but it is a shift that has been challenging in positive, as well as frustrating ways.

In the case of Josephine, a coffee grower and activist, the theme of politics was expressed through her charges of government corruption. Josephine spoke about her experiences working as a coffee grower and I learned that there exists deeply held mistrust towards the government's involvement in coffee production, as well as toward the liberalization process of the coffee subsector. One of Josephine's biggest concerns is government corruption: she repeatedly spoke about investigations she had conducted through her membership in growers associations on ARFIC spending and she gave several examples of how government money was being misused. One of the claims she made is that an exorbitant amount of money is spent on ARFIC officials' vehicles, which are mostly used for personal purposes. She stated that her growers associations had confronted ARFIC about these expenses and asked that some of the funds be diverted to vehicles used by those doing work in the countryside – where coffee plantations are located – rather than only paying for cars being used in Bujumbura (Burundi's capital), where there is little contact and subsequent benefit to growers. Josephine also spoke about her experiences working with newly privatized washing stations and being cheated out of payment by these owners. She explained that all of her coffee is now sold through NGO networks, which she describes as transparent and fair.

The issue of politics was also discussed in more subtle ways. In speaking with a manager of a SOGESTAL, I learned that it is not only private washing station owners and growers who are concerned about government involvement in the coffee subsector; Jean-Baptiste, a mechanical engineering graduate, had just recently started working at the SOGESTAL. He had no experience working in coffee prior to his current occupation and explained that his lack of knowledge did not hinder him in being hired for his position.

The way Jean-Baptiste described it; SOGESTALs are currently more inclined to hire individuals with more knowledge and training to work with the equipment at the washing stations. He understands that this is detrimental to quality, though he did not further elaborate on this point.

## 4.4 Intercultural Exposure

The term *intercultural exposure* is used to describe an informant's experience travelling outside of Burundi and the subsequent effects these experiences have had on the individual's work within Burundi's coffee production. The notion of intercultural exposure was described in both positive and negative contexts. On the one hand, experiences abroad often gave the informant a wider perspective on how Burundian coffee production operates and this knowledge often translated into a greater sense of control over one's work as a coffee professional. However, this same knowledge sometimes also caused the informant to feel angry and frustrated that Burundi's coffee subsector is structured and organized the way it is.

During my conversation with Francois, we began talking about the things in life that bring him happiness. One of the aspects of his work in coffee that he enjoys most is the travel associated with being a washing station owner. International travel has exposed Francois to new views on life and the way a society can operate. As an example, Francois spoke at length about the ways in which his

views on women have changed as a result of travelling outside Burundi and seeing the way women live in other countries. He thinks that Burundian women are living less fulfilling lives than they could and he pointed to their chief position as caregiver and household manager as examples. On a fundamental level, Francois believes that Burundian women are less respected than women in the US and Europe – two areas of the world he has travelled to for business. He points to the reality that Burundian women cannot be outside the home after 6pm because it is either too dangerous, or socially unacceptable, as evidence of less respect for women in Burundian society. On the other hand, the same international travel that Francois finds personally rewarding and necessary for making contact with prospective buyers is financially burdensome. Ultimately, he would like to see more tangible financial benefits for his efforts and investments as a participant in direct trade.

Josephine's experiences also serve to illustrate these conflicting emotions. Through funding from an NGO called the Inades-Formation, Josephine has travelled both within Africa and to the US as a representative of Burundian coffee producers. Inades is an organization that works with farmers wanting to learn about entrepreneurship as a means to make farming activities more profitable. Prior to her introduction to Inades, Josephine experienced the kind of powerlessness conveyed by the growers I mentioned earlier, about the prices she received for her cherries. Josephine struggles, as the other growers do, with her household's cash flow. In contrast to the other growers, however, she has developed a sense of autonomy and control over her work as a cherry grower, as a result of her participation with Inades. Through Josephine's travels outside Burundi, she has learned of the ways in which cherry producers, particularly women, are joining together to sell cherries differently. She talked about observing successful cooperatives in Uganda and the strategies she has taken from those meetings and the ways in which she has been trying to help implement these strategies amongst Burundian growers.



Both Francois' and Josephine's stories about travelling abroad exemplified the ways in which increased intercultural exposure of a producer can lead to increased knowledge about coffee production. This increased knowledge, for both, has led to a greater sense of empowerment and has encouraged more active participation in negotiating sales. In the case of Francois, intercultural exposure has given him greater access to international buyers, and in the case of Josephine, travelling abroad and seeing how coffee is produced in other countries has given her the knowledge and motivation to determine how and to whom her cherries are sold.

## 4.5 Concluding Remarks

The three themes presented in this chapter revolve around the structure of Burundi's coffee production chain. How it is organized and whether/how producers understand this structure significantly affects how they perceive their work, in relation to their wellbeing. The more knowledge producers have about the production chain, the more they feel in control of their wellbeing. This was exemplified by the feeling of autonomy producers feel, with increased intercultural exposure. In contrast, producers feel powerless when they do not have enough knowledge about how the production chain operates.

The theme of *politics* is also related to the structure and organization of the production chain. During the many years of government control over the production, growers felt they had little to no say over their own coffee production. These feelings stemmed from a lack of transparency in the production chain during the years of government control: producers had little to no knowledge of what happened to their cherries after they were delivered to washing stations and they did not know how prices for cherries were determined. This lack of transparency was also related to experiences or perceptions of corruption within government management of coffee production. When growers work outside government controlled coffee production and management, as in the case of Josephine, there is a greater sense of control and ownership over their own coffee production. Subsequently, there is a greater sense that one has control over the state of her own wellbeing vis-à-vis choosing with whom to work (e.g. private washing station) and being able to negotiate, or at least understand how coffee cherry prices are determined.

*Intercultural exposure* relates to one's experience travelling abroad and how these experiences impact the amount of knowledge one has about coffee production in other places, and can compare to these experiences with Burundi

coffee production, in order to better understand the production chain. With greater intercultural exposure and increased knowledge about how production proceeds, there is a greater feeling of control and autonomy over one's own coffee production. When producers are able to negotiate the terms of sale of their coffee product, they have more control over their household's economy and thus feel more in control over the state of their own/their household's wellbeing.

## 5. The Trading and Buying Side of Direct Trade

### 5.1 Introduction

This chapter's purpose is to present the views of traders and buyers of Burundian coffee on how direct trade impacts the livelihoods of Burundian coffee producers. Coffee traders and buyers are two of the final groups of actors in Burundi's coffee subsector. They represent, as well as practically act as, the linkage between Burundian coffee and the rest of the world. Before processed green coffee (i.e. coffee parchment that has been milled) can be roasted and finally consumed as a beverage, it passes through these individuals and their companies.

The following analysis is based on my interviews with four coffee traders and the company literature of three direct trade coffee companies. The interviews are specifically about the Burundian coffee trade, whereas the company literature discussed is about the companies' overall approach to direct trade.

The three overarching themes I have identified from my interviews and reviewed company literature are "relationships", "price" and "quality". These ideas underwrite the vast majority of what I heard and read about from traders and buyers on the execution, benefits, successes and challenges of the direct trade model. These themes were either referenced repeatedly in direct language (i.e. the informant specifically used the words *relationship*, *price* and/or *quality*), or were indirectly described and categorized by me as fitting into these themes. In respect of the privacy of my trader informants, names have been altered.

## 5.2 Participants

Buyers of Burundian specialty coffee constitute a small number of companies. This is due, in part, to the novelty of the specialty market within the country, as well as a lack of awareness that Burundi produces high quality coffee. Specific accounts and literature from buyers of Burundian specialty coffee is almost non-existent.

Max, an American coffee professional in his early-30s, lives with his family in Burundi and works as a consultant to an international coffee trading company. He is currently building his own washing station in Kayanza. Max has been working in the coffee industry for 14 years, starting out as a roaster in the US before moving into part-time consultancy in South Africa, and then to Burundi to work full-time as a coffee trader. Because Max works exclusively with Burundian coffee and moved his family from the US to pursue his long-term professional goals, he expressed more of a personal vested interest in the development of Burundi's coffee subsector in comparison to the other three traders I met. Max's comments and observations were more in-depth than the others' and as a result, his insights are more salient throughout this chapter than the others'.

Michael, originally from the UK and now living in Kenya, is a managing director and coffee trader in his mid-50s. He has worked in the East Africa region for close to 30 years and has been working in Burundi since the beginning of the coffee subsector's transition from completely state-owned to an increasingly liberal and private subsector. Michael works for an international cocoa and coffee trading company that operates in Africa and the Americas. His office coordinates coffee sales from Kenya, Tanzania and Burundi.

Paul, mid-30s, born in France and raised in Uganda, Burundi and France, is an operations manager at an export and dry mill facility. He began his career as a

flight attendant and moved into the coffee industry due to personal interest and family connections. Paul works for an international export company that works in six coffee growing countries, including Burundi. His views on the development of Burundi's coffee subsector are unique due to his personal history of spending part of his childhood living there. These personal experiences led Paul to include the topics of Burundian culture and politics into our conversation on coffee.

The last trader I spoke with was a Kenyan named Alex, an early-30s coffee professional who began his career as a mechanical engineer. He very recently – in the last two years – moved into the coffee trade and made the move because of a personal interest in the development of East Africa's coffee subsectors. He finds working in Burundi interesting because of the coffee subsector's recent development toward privatization.

Stumptown, an American roasting company founded in 1999 in Portland, Oregon, is one of the pioneering coffee companies worldwide of direct trade buying practices; the company is widely recognized as a leading specialty coffee company in the US and abroad. Though Stumptown does not currently work in Burundi, its approach to coffee trading is relevant to this discussion because of the company's influence on other American and European roasting companies, which have been emulating Stumptown's direct trade practices over the past decade. Stumptown buyers negotiate directly with producers, but its definition of direct trade does not stop at price negotiations with producers; the company acknowledges the work of millers, exporters and importers within the direct trade production chain. This last point is crucial because when omitted, it can give consumers the impression that direct trade is a one-to-one relationship between growers and buyers, when in practice, many more parties are involved in, and derive their livelihoods from, the production and sale of direct trade coffee.

Counter Culture Coffee opened in Durham, North Carolina in 1995 and is a roasting company that pioneered the early direct trade practices that characterized the development of Specialty Coffee during the late-90s and early 2000s. The company currently purchases from two washing stations in Burundi. Companies like Counter Culture helped lead the US coffee market toward buying and serving higher quality coffee. Concomitant with their quality ethos is an ethic of paying better prices to coffee producers—from both a moral perspective as well as incentivisation for producers to grow and process better quality.

Finally, the Collaborative Coffee Source is a year-old Oslo based coffee trading company that specializes in establishing and facilitating long-term relationships between quality-focused coffee producers and like-minded coffee roasting companies. It started buying Burundi coffee in 2012. The company was established, in part, due to a lack of experienced direct trade buyers in Europe's specialty coffee market. Over the last few years, Europe has experienced a surge of interest and growth of coffee companies dedicated to roasting and serving traceable high quality coffee, in contrast to centuries old traditions of serving low-quality cheap coffee. Most of these new companies are small operations that do not have the experience or resources to travel around the world to find the best producers with the best coffee. The Collaborative have developed a network of quality-focused producers and facilitate relationships with roasters.

### 5.3 Relationships

The theme *relationships* was the most commonly discussed theme throughout my interviews with traders and within the company literature reviewed. Both traders and buyers feel that relationships are the most positive aspect of direct trade. They believe that relationships are good for the wellbeing of producers and are vitally important to the quality of coffee, which is most important to them.

All four traders talked about the necessity of strong partnerships with coffee producers (e.g. washing stations and cherry growers). The two key benefits of relationships to the producers are: trust and security, and innovation. With respect to the former, relationships are about trust and security. Knowing the people one does business with provides each party with assurances that the partnership is mutually beneficial and stable. In the latter, as presented by Paul, Alex and literature from both Stumptown's and Counter Culture's websites, direct trade leads to better quality control and innovation. For buyers of specialty coffee, interacting directly with producers gives them the opportunity to discuss potential changes in agricultural and processing techniques. These discussions are important to buyers because they are continually seeking to obtain a better product and recognize that working with producers they know leads to more open communication, which can subsequently lead to more innovation. For the producer, innovation based on direct communication with buyers is good because it lends itself to stability in those relationships.

How buyers develop relationships with producers clarifies how principles of trust, security and innovation are expressed in action. In the case of Stumptown, buyers travel to producing communities two to three times per season. The first visit occurs early during harvest for the purpose of planning the harvest together with either the cherry producer or washing station the coffee lot comes from. Buyers return in the middle of the harvest to monitor and discuss the execution of the plan. Finally, the last visit occurs at the end of harvest and is targeted toward tasting the coffee(s) and discussing the results of the harvest and planning for the next year. This ongoing interaction between producer and buyer ensures all parties agree and expect the same outcomes, and just as importantly, both parties are better assured of future business.

One example of the importance of relationships to coffee trading was presented by Max, the American trader who moved his family to Burundi and is now



opening his own washing station. Max explained that happiness and wellbeing means ensuring him and his family have a lifestyle in which they are working with coffee growers trying to achieve higher living standards. Max and his wife are constructing a new washing station and with Max's experience and expertise, they are focusing production on high quality microlots. Max believes his washing station is good for his family as well as the wider community. His goal in moving to Burundi was to make a positive community impact and he believes he has come a long way in accomplishing this through four years of building relationships with growers and now providing them with a washing station where they can be confident they will receive stable higher prices, which in turn will allow them to feel more secure in their ability to acquire their needs and wants.

The Collaborative's model is similar to Stumptown's in that buyers visit producers multiple times throughout the harvest season with the purpose of discussing and planning current and future harvest procedures, and discussing quality standards. During these trips, buyers also visit farms and washing stations to see new innovations and speak with employees, whenever possible. These interactions are important not only so that buyers/roasters can see first-hand how producers operate, but just as importantly, to communicate to clients purchasing green coffee, what kind of people and operations are growing and processing the coffee being served to end coffee drinkers.

In closing, traders and buyers believe that good relationships are a vital element to the wellbeing of coffee producers. The key to successful relations are regular face-to-face interactions. From the producer's perspective, these visits give them the opportunity to find out what buyers want, leading to more security in knowing their coffee will be purchased in subsequent years. Face-to-face meetings also allow buyers to communicate how they would like producers to innovate their practices, so that long-term relations are maintained.

## 5.4 Price

Specialty coffee sales currently make up just five percent of Burundi's total coffee exports. The issue of price centres upon this dilemma: producers want the highest possible price and buyers want to pay the lowest price possible. Direct trade exists because buyers want products of a particular quality, and relationships with producers allow for better control over these variables. Direct trade provides autonomy which is important to producers: direct trade negotiations give producers the ability to exert a certain level of control over to whom their coffee is sold and how that transaction develops and is finalized. As Max explained, price is important to producers because it determines their food and economic security, "the root cause of death in Burundi, I think, is poverty. So if you can start giving [farmers] a livable wage for your coffee, you're not gonna change just the GDP of the country, but you'll change the health and prosperity—holistic prosperity—of the country (Max, Coffee Trader)."

Although the issue of price in coffee trading can appear to be a simple matter of competing interests between buyers and sellers, my interviews illuminated that as much as traders want to remain competitive and offer buyers the best price possible, both parties also care about the wellbeing of coffee growers,

The price dilemma manifests in various and complex ways. For example, Paul was the first of my informants to outline the existence of Burundi's two separate markets—the washed and fully washed markets. Paul believes that the existence of these markets exemplifies local attempts at solving dissatisfaction growers have of government sanctioned pricing mechanisms (e.g. auction sales, sales through washing stations). As both Paul and Michael explained, growers prefer selling on the washed market because they get a better price for their product and are paid up-front. Not only do growers get paid up-front, but sometimes independent local buyers will provide financing (e.g. loans) for harvest

activities—something growers have difficulty obtaining from washing stations and banks.

Max also discussed the differences between direct trade sales and more traditional means. He views the anonymity of auctions as a hindrance to fair pricing to cherry growers. Pricing through auction is determined on a case-by-case basis and although the final price can be higher than prices derived through direct negotiations, Max argues that direct trade sales allow for a wider variety of benefits to cherry growers, including a good price. These comments were corroborated by Alex and Michael. In addition Alex, like Paul, talked about the benefits of financing, which is also a possibility through direct trade sales. If a producer has a relationship with a buyer, financing may be possible. If negotiated, the producer has an easier time paying for regularly occurring expenses: labour, equipment and other agricultural costs, on top of household's daily needs. In contrast, selling cherries to a washing station usually means being paid once – at the end of harvest. Relying on one payment is difficult for a household because expenses for an entire year must be taken into account. This becomes especially difficult when unexpected expenses arise, such as sickness in the family.

Growers want good prices for their cherries so they can live as well as possible and specialty coffee buyers want the best quality product possible for a fair, but economical price. As Max's earlier quote illustrates, traders understand that in order for the coffee subsector to develop and prosper, growers need to earn a livable wage for their product and labour. But there is always a tension between growers wanting to earn as high a price as possible and buyers wanting to pay as little as possible, despite traders' and buyers' wishes that growers are living well. As Michael and Paul asserted, regardless of how much buyers care about the wellbeing of the producers they work with, they are only willing to pay so much.

Michael spoke about how the structure of the production chain influences the price of coffee and how this relates to why producers choose to sell on the “washed” or “fully washed” markets. Official (i.e. government determined) pricing mechanisms are slow to react to market fluctuations, which has the effect of discouraging growers to work with washing stations. According to Michael, coffee that is processed at a washing station should yield a higher price, as it is of a higher quality. Currently, the added value of going through a washing station is not being reflected in the price being paid to farmers for their cherries. Thus, farmers will continue to sell as much as they can on the washed market, which stunts the development of the fully washed market and subsequently, the opportunity to grow sales of specialty coffee. The biggest implication from the perspective of wellbeing is that a stunted fully washed market means decreased opportunities for growers and buyers to develop long and mutually beneficial relationships, and long-term higher prices. In the end, steady increases in prices paid for cherries are sacrificed for more immediate, but short-term, gains in selling on the washed market. In times when the washed market is not offering good prices, the grower again struggles to earn enough to sustain his/her household throughout the year, rather than knowing in advance that a good price will be paid and that making improvements can lead to even better prices in the future. Put simply: a grower can hope for a good price on the washed market, or they can work with a buyer to determine a good and fair price for cherries and plan and work toward even higher prices in the future.

Price, as it is presented in company literature, suggests that buyers are treating the issue of price as a subtext for quality. At Stumptown, buyers have created a tiered mechanism whereby a base price is settled during the first season of a relationship with a grower or a washing station. The base price can increase, via premiums, if or when a higher quality standard is reached. Stumptown will pay the base price as long as a minimum quality is met and incrementally higher premiums can be earned if the coffee is judged to be of a higher quality level.

The Collabourative Coffee Source too utilizes a scoring mechanism to determine quality and price. The scale runs from 1 to 100, with 86 as the minimum cutoff score for purchasing. While 86 point coffees receive a base price, the exact price differs according to market prices for each producing region, as well as specific negotiations with producers. The advantage of working with tiered pricing based on cupping scores, from the Collabourative's perspective, is that producers are given a more concrete idea of what "quality" means to buyers and how prices can be increased. This allows producers to plan for future harvests and hopefully provides them with a sense of security in the relationship. Extending back to Michael's assertion that fully washed coffee in Burundi is of a higher quality and should command higher prices than it does currently, Burundian producers may be more inclined to sell their cherries to washing stations/the fully washed market if they are given the opportunity to negotiate with buyers.

The pricing dilemma is treated differently in Counter Culture's literature. The company uses certification, as related to notions of price fairness, as a means of addressing the competing interests of producers and buyers. Initially, the company purchased and branded its coffee through the Fair Trade certification mechanism (see Chapter 2). Although Counter Culture maintains its utilization of Fair Trade standards, it has also developed its own Direct Trade Certification

...we recognized that our own standards of quality, transparency, and fair pricing were somewhat higher than FTC standard. We developed the Counter Culture Direct Trade Certification in the desire to raise the bar of fairness and sustainability and lead by example in the coffee trade...we seek to go even further [than FTC] in the name of fairness, transparency and equity.

Counter Culture's Direct Trade Certification is another example of the ways in which traders and buyers navigate and confront the pricing dilemma. While growers will always want to be paid the highest possible price for their cherries

and buyers will seek to pay as little as possible, it is clear from my interviews with traders and the company literature of direct trade companies, that the *price* theme is not simply a conflict between growers and buyers.

In summary, the traders and buyers of specialty coffee challenge the notion that all buyers care about is paying the lowest price possible. Specialty Coffee is distinct from traditional coffee trading in that more variables than price and volume are taken into account within transactions. Specialty buyers are concerned with quality and the wellbeing of the producers they work with. In various ways and using different words, my informants outlined the same effects of direct trade sales on price: producers have the opportunity to earn good and stable prices for coffee through direct trade sales. Higher stable prices have the dual effects of making it easier for producers to pay for harvest and household expenses and be able to plan and invest in better production procedures so they can earn even better prices in the future.

## 5.5 Quality

The topic of quality was more indirectly related to the wellbeing of coffee producers than were relationships and price. It is an important issue for buyers, which makes it important for the producers relying on those buyers to purchase their coffee.

Burundi's coffee infrastructure and subsector organization have been focused on expanding specialty sales. Max described the development of Burundi's coffee subsector as a matter of two different approaches: bottom-up and top-down. The bottom-up approach is the specialty buyers "pulling" the best coffee out of the country; finding the best producers in the country and working with them to ensure their growing and processing methods are spreading across the country so that more coffee of a higher quality is available for purchase. In the top-down approach, development agencies and the Burundian government are more

focused on increasing production levels. These two approaches are not incompatible: at the same time that specialty buyers are searching for and meeting with the best producers, the government's focus on increasing agricultural knowledge of producers in order to increase production benefits the increasing demand for high quality coffee.

Each trader and buyer talks about quality in their own way. Each outlines why it is specifically important to their business, and discuss the benefits and challenges of focusing on quality. Two aspects of processing high quality coffee are the proper sorting of fully mature cherries from under or overripe cherries, and properly soaking and drying parchment. Coffee that is picked, sorted and processed with care is sorted into "microlots". Although microlot coffee generally receives higher prices – the biggest economic benefit to producers – the current nature of Burundi's coffee infrastructure, combined with the small number of specialty buyers available to pay sustainable prices for microlot production, is unstable. Max is currently opening his own washing station and has worked with enough other washing stations to describe the very real challenges of producing microlot coffee,

...it's hard to get 50 bags lots and to do the proper procedure [of] marking the bags, keeping them separate, marking all 50 (all 50 bags have to have a tag [in order for them to] count for me. So then that means I have to go to these washing stations throughout the season to make sure, 'Yes, you didn't just grab those 50 bags randomly. You're marking them, you're separating them and you're keeping them stored in good condition.

Max is describing the procedures a washing station must undergo in organizing and producing microlots. "Marking" and "separating" is additional work to the already labour-intensive processes of hand sorting, drying and processing cherries. Despite these challenges, Max firmly believes that the expansion of microlot production is the way forward for Burundi's coffee subsector as a whole

and to the livelihoods of producers. These ideas were also supported by Alex and Michael. Alex's and Michael's companies largely deal with buyers of large quantities of coffee. These types of buyers are more concerned with quality from a consistency perspective, whereas Max aims to work with specialty buyers more interested in buying exclusive and unique coffees. Both Alex and Michael see the potential of growing specialty markets, however. Both stated that the specialty market is the only one experiencing rapid and continuous growth, making it increasingly lucrative for both producers and trading companies.

Stumptown literature provides a good overview of what microlots are and why they are important for producers, as well as Stumptown,

[Microlot] separation is one of the key components to cup quality. Ideally, the cherry selected from each day of the harvest is separated into different lots, which are in turn separated by location on the farm and varietal (whenever possible). This ensures that the individual characteristics of each lot can be defined and improved upon by suggestions. Feedback on day lots is a constant look between our green coffee buyers and producers to ensure that each detail is addressed at farm level: which varieties, which processing methods and which drying methods they can rely on. They know which methods will achieve a better price and a long term relationship with Stumptown.

While current sales of specialty coffee account for a small proportion of overall sales in Burundi, interest in the country as a destination for high quality coffee is on the rise, as evidenced by increasing visits of direct trade/specialty buyers into the country.

Whereas traders like Max, Alex and Michael focused on quality from a time and labour perspective, buyers like Stumptown are mostly concerned with the individual characteristics of a microlot and finding producers who can



consistently produce coffee of a certain standard. To traders, producing high quality coffee is worthwhile to growers because increased quality leads to higher prices, resulting in increases to quality of life. As Max put it, higher prices lead to decreased poverty and is good not only for the lives of growers, but for the overall health and development of the country.

Buyers also see increased quality as a means of raising quality of life for producers, as exemplified by Counter Culture's outlining of Direct Trade Certification. Buyers care about quality, but they also care about equity and fairness to producing partners. Though not explicitly stated, I believe these notions of equity and fairness run parallel to buyers' conceptions of a good life and the idea that producers are better able to live their definition of a good life if they are able to work with specialty buyers who not only want high quality coffee, but are also concerned about, and aim for, equity and fairness in their buying practices.

## 5.6 Concluding remarks

The six themes presented throughout chapters 4 and 5 intertwine and relate in various ways, which will be discussed in the following chapter. I want to conclude this chapter by briefly reviewing the ways in which this chapter's themes contribute to the thesis' overriding question of how direct trade impacts the livelihoods of Burundi's coffee producers.

Traders and buyers advanced the idea that *relationships* between producers and buyers are good for both sides: they benefit producers through trust, security and innovation. Direct trade relationships are built upon trust and once established can provide producers with security in knowing they can rely on selling their coffee to specific buyers from year-to-year.

*Price* affects wellbeing in the way that producers receiving a higher price for their cherries, or processed coffee, are better able to purchase the things they want and need to sustain a good living standard. Price is also important from the perspective of coffee buyers because they are looking to pay the least amount possible for coffee. However, the cheapest price is not the only concern that specialty traders and buyers have; notions of fairness, equity and the wellbeing of producers are important to the traders interviewed during this study, as well as within the company literature that was reviewed.

Finally, traders and buyers believe *quality* is indirectly related to producer livelihood and is important for two reasons: specialty buyers want high quality coffee and recognize that quality can be achieved through long-term partnerships with producers they can trust. Partnerships based on quality benefit the producer in that they can rely on consistent buyers from season-to-season. Secondly, producing high quality coffee increases prices, giving producers more autonomy over buying and satisfying their own needs and wants.



## **6. Discussion and Concluding Remarks**

### **6.1 Introduction**

This chapter presents the implications of this study on direct trade in Burundi. The aim is to present how direct trade is perceived and experienced by coffee producers, and the ways in which producers, traders, and buying companies believe direct trade impacts producer wellbeing. It starts with a comparison of the viewpoints of producers and traders/buyers, and moves into a discussion about implications for future research. The chapter concludes by outlining the limitations of this study.

### **6.2 Comparison of Producer, Trader and Buyer Viewpoints**

This section compares the views of Burundi coffee producers with those of traders and companies buying direct trade coffee, on how direct trade impacts the wellbeing and livelihoods of producers. I found that how much the individual understands about the structure and organization of the coffee production chain greatly influences their perceptions. Burundian coffee producers, especially cherry growers, typically have very little understanding, whereas traders and buyers tend to have a full—albeit biased—overview. Growers’ lack of knowledge and/or understanding about production contributes greatly to their lack of autonomy over labour and sense of wellbeing. In contrast, traders’/buyers’ lack awareness of how direct trade is understood and perceived by growers results in overstating direct trade’s positive impacts on grower wellbeing.

### *Powerlessness*

Powerlessness is the central theme of this study. Growers who felt it found it challenging to discuss any other topic; it proved to be a pervasive and profoundly influential feeling. Common amongst the interviewees reporting feelings of powerlessness is the belief that coffee production operates outside their control; that they lack the knowledge and ability to influence how and what they are paid. Central to this feeling is a lack of knowledge about what happens to cherries once they are sold either to local buyers or washing stations. During the years of government control over the coffee subsector, growers felt their labour was mostly contributing to the benefit of the state. They did not feel that their labour and production were directly benefitting themselves and their households. This is because growers had neither say over, nor knowledge about, how prices were determined. They could either choose to sell on unofficial markets through local buyers, or accept not having a say in what prices they received when they delivered to state-run SOGESTALs. In the former scenario, they risked being caught and penalized by the state and in the latter scenario; they were told how much their cherries were worth without explanations as to how these prices were determined.

In either case, growers constantly faced uncertainty, thereby leading them to feel powerless. The same growers who expressed feeling powerless due to a lack of knowledge about coffee production also expressed feeling powerless over the state of their wellbeing. I asked all the producers I interviewed about how the coffee subsector could be managed differently, or what changes the government could make to the coffee subsector that might make their work easier. How would they organize and structure the production chain differently if they were in control? In every case, growers feeling powerless believed they lack the knowledge to even make suggestions about how the state of Burundi's coffee production can change in order to better reflect their needs. In other words,

feeling powerless did not end with the producer's current situation: powerlessness extended into their confidence or belief that they had any ability to effect change. In the few cases that growers did assert ideas, they simply stated that they desired more knowledge about the production chain and/or access to the international buyers.

In contrast to the majority of growers who expressed feelings of powerlessness were producers who do have knowledge about how the production chain operates. These individuals were much more confident in responding to questions about how the coffee subsector can be structured differently to make their work easier and improve the state of their wellbeing. For example, producers with experience working in various levels of the production chain, or those educated about how the production chain operates, reported feeling more control and autonomy over their labour and state of wellbeing.

The traders interviewed and company literature reviewed did not address the notion of powerlessness directly. Traders did, however, reference growers' lack of knowledge about coffee production and believed this lack of knowledge has a negative impact on the development of the coffee subsector, as well as on producers' wellbeing. As one trader expressed it, empowered and knowledgeable growers produce higher yields and better quality coffee. This in turn leads to higher prices to growers, providing them with better access to basic necessities. Generally speaking, traders and buyers want to work with knowledgeable producers because this benefits their own work and the goals of their companies.

There exists a major disconnect between the powerlessness growers feel versus the sense of empowerment traders and buyers believe direct trade provides. Traders understand that the current state of Burundi's coffee production lacks transparency for the growers. They are all advocates for more grower education. But what is not apparent to traders is the extent to which growers' lack of knowledge is hindering their autonomy. They believe direct trade helps growers

feel empowered, but are more focused on the *potential* of direct trade, rather than the current reality of Burundi's coffee trade.

### *Politics*

To producers, the topic of *politics* related strongly to their sense of wellbeing. Due to the fact that the state controlled Burundi's coffee subsector for the majority of the lives of the producers I interviewed, state activities and influences on coffee production were constantly referenced. In general, producers saw the state as inextricably linked to coffee production. Growers with little to no knowledge of how the production chain is organized spoke about the influence of the state in overarching terms: the state determines every aspect of coffee production and growers have no say or control. For producers with more knowledge of the production chain, the state was referenced through specific policy terms or specific examples of how politics and coffee production interact.

In general, there was a sense that they strongly lack knowledge about the production chain, and the policies that determine its organization, procedure and structure. One grower in particular expressed that he views his work as largely labour *for* the state. He viewed the money paid for his cherries more in terms of wage labour than sales transactions with washing stations. This is because he has no knowledge of how cherry prices are determined, thus he feels no ownership over his production. In addition, this grower did not feel he has much choice in which washing station he to deliver to—what criteria would he base a decision to change on? Because the state controlled the coffee subsector for most of his life and he feels disconnected from politics, this grower had no thoughts as to how the subsector could operate differently, so as to allow him more and better access to the state of wellbeing he seeks.

In contrast to the negative associations producers have with more state-intervention in the production chain, growers introduced to the concept of direct

trade were enthusiastic about the potential positive impacts this model can have on increased prices and a higher sense of autonomy associated with being able to meet international buyers face-to-face.

The theme of politics was treated more indirectly throughout the trader interviews. Unlike most producers, who tended to view the state as fundamentally related to all aspects of coffee production, traders viewed state involvement in instrumental and specific ways. For example, one of the traders views coffees sold at auction as lacking in transparency. This is detrimental to producers, as well as buyers, because neither side has knowledge of one another, thus price is determined through non-negotiable means and there is no opportunity to develop long-term partnerships. In general, traders spoke about state involvement and policy with respect to how they affect pricing mechanisms.

In summary, producers and traders seem to agree on the role of politics in relation to the direct coffee trade. Both groups believe state intervention makes the coffee trade opaque, leading to less opportunity for direct sales, which both sides view as negatively affecting producer wellbeing.

### *Intercultural Exposure*

The third and last major producer theme is *intercultural exposure*. Intercultural exposure describes both a person's experiences interacting with those from other cultures and/or the act of immersing him/herself in another culture. Often connected to these experiences are changes in perspectives about the world. In a more general sense, I believe that intercultural exposure is related to a person's *autonomy*, in the sense that a person who has had the chance to view the ways in which people from other cultural contexts approach and perceive the world, have a wider viewpoint upon which to make informed decisions for themselves, as well as the perception that there are different ways of achieving life and work goals than the ones presented through their own society.



I believe Doyal and Gough's (1991) concept of autonomy (defined in the next section) encapsulates intercultural exposure. Burundi coffee producers with intercultural experience—either through meeting people from other cultures, or through travelling abroad—evaluate their ideas and beliefs about coffee production and wellbeing in relation to these experiences. Those with a lack of intercultural exposure articulated far stronger feelings of powerlessness and lack of control over their life and work circumstances than those with intercultural exposure. Those reporting intercultural experiences spoke with a greater sense of agency—they felt their actions have purpose and meaning and effect certain outcomes. These individuals both held others (e.g. politicians), as well as themselves to higher account. They spoke much more specifically about just or unjust coffee policies and/or experiences with the state, and were clearer about how the coffee production chain can be structured and organized differently so that they are able to work in a way that is more personally efficient and rewarding.

Producers with the most intercultural experience spoke about coffee production and wellbeing in very different terms than producers with little to no intercultural exposure. The former believed they have more control over their labour and product than the latter. In addition, the former were dissatisfied with their current living standards, but felt they have the ability and autonomy to make changes in their work practices to enhance their wellbeing and means of obtaining the things they want and need.

Producers with little to no intercultural exposure either had little to say with respect to how conditions can improve in Burundian coffee production to increase their wellbeing, or they asserted that having more intercultural exposure, vis-à-vis increased contact with international coffee buyers, would make them feel more autonomous and in better control of their work as coffee producers,

leading to a higher sense of wellbeing and better access to resources that enhance wellbeing.

Traders and direct trade companies discussed intercultural exposure indirectly, through the concept of relationships. To these groups, producers travelling abroad, or meeting people from different cultural backgrounds is not as important for increased wellbeing, as having the opportunity to develop direct trade relationships with buyers. The concepts of intercultural exposure and relationships are not mutually exclusive: intercultural exposure is essential to the building of direct trade relationships.

One major difference between producers and traders/buyers is that the latter groups' occupations inherently require travel and the meeting of people from other cultures. Coffee producers do not need to travel abroad or meet with non-locals to complete their work. The whole concept of being exposed to people from other cultures is novel to most producers. To them, the opportunity of having intercultural experiences is, in itself, a novel consideration. To specialty coffee traders and buyers, intercultural experiences are the norm. Trading is inherently intercultural. The question for these individuals and companies is not *whether* to meet with producers, but to what extent the producers they meet are suitable business partners. Consequently, a producer wanting to earn higher prices (which traders and buyers view as fundamental to wellbeing) must meet and work with those buying their coffee. The implication of the above is that traders seem to lack awareness about *why* intercultural exposure matters; they do not seem to acknowledge that a producer's level of intercultural exposure makes it easier or more difficult to work with them.

In summary, producers and traders/buyers have unequal perceptions on autonomy resulting from intercultural exposure. For producers, autonomy is inextricably linked to intercultural exposure, whereas traders and buyers tend to take intercultural experiences for granted. The latter group acknowledges the

necessity of intercultural relations in direct trade; however, they do not currently comprehend the importance of intercultural experiences to the autonomy and, subsequently, wellbeing of producers.

### *Relationships*

From the perspective of traders and direct trade coffee companies, relationships are the biggest factor in successful direct trade relations. They believe relationships are beneficial to both producers and themselves. Benefits to producers include increased trust and security between parties, and the motivation to innovate. Producers are more secure in knowing they have reliable buyers, leading to increased economic security, while innovation leads to increased morale and provides better assurance that one's partnerships with traders and/or buyers are secure.

Coffee growers spend the majority of their time tending crops—both cash and subsistence—in order to ensure their household's basic needs are being met. Work and relationships form a large proportion of one's identity in Burundi. Work *in itself* is not necessarily valued but is seen as a means to obtaining the necessities of life, and therefore plays a significant role in how one's time is spent. Work is related to one's identity in the sense that it provides the means to fulfill one's role as provider/household leader. The extension of this is that the status of one's relationships to those working throughout the levels of the production chain, are important to self-esteem, self-determination, and sense of autonomy—all related to one's identity. Producers who feel confident about their position in the production chain and understand its structure also feel confident in their ability to assert what they want and need from those they encounter working in other levels of production (e.g. washing stations).

Growers did not speak explicitly about relationships with buyers as being important to their wellbeing, but I believe this comes down to the lack of their

experience with these types of relationships. Even at the level of a washing station, the concept of direct trade relationships has not yet been firmly established. However, growers did speak about the importance of being able to trust the washing station management they work with. Some go out of their way to deliver cherries to washing stations that are further away because they are known to be trustworthy. Of utmost importance to producers is economic stability, so all other topics they talked about were related to price. When growers learned about the concept of direct trade, most were enthusiastic about the idea and expressed being eager to have the opportunity to meet and work with international buyers, even if the terms of sale are still determined at the washing station. At the level of the washing station, relationships were not explicitly referred to, but there is the awareness that a washing station manager/owner's trustworthiness is important to growers. Washing station managers and owners care about their reputation amongst growers and international buyers. Trust is a fundamental aspect of any kind of interpersonal relationship. Though it was spoken about indirectly through the concept of trust, I believe that trust in relationships amongst growers, washing station owners/management, and traders and buyers lead to the kind of elevated self-esteem and self-determination discussed in the literature on how strong relationships lead to a stronger sense of identity.

The trust that relationships are built upon are equally important to producers and buyers. Growers currently do not have relationships with buyers, but express feeling that trust with the washing stations they deliver cherries to is an important factor in deciding which washing station they work with. Buyers stated that trust developed through relationships with producers is a fundamental aspect of direct trade. Good relations with producers lead to higher quality coffee for buyers and buyers believe good relations benefit producers in that they provide more security in trading relations.

## *Price and Quality*

Traders understand the economic instability producers face within Burundi and how increases in prices increase one's ability to fulfill their needs and wants. Despite the acknowledged tension between producers wanting the highest price possible versus buyers wanting to pay the lowest price, both traders and direct trade companies expressed caring about the wellbeing of producers. The company literature of direct trade buyers is especially focused on the positive impacts *equitable pricing* can have. In addition to increased economic benefits to producers, higher pricing is indirectly beneficial to companies looking for high quality coffee. These companies recognize there are increased costs associated with producing high quality coffee and that producers offered higher prices are more incentivized to produce higher quality coffee.

Pricing is obviously important to producers in relation to wellbeing. The more money producers earn for their product, the easier it is for them to purchase needs and wants. However, pricing was often talked about in relation to the things hindering one's economic stability, or in relation to circumstances that can lead to better economic stability. Pricing was most often discussed as a variable within each of the three major producer themes, whereas traders and buyers discussed pricing as a distinct aspect of wellbeing. Producers most often talked about how their economic stability has been thwarted by the state of coffee production in Burundi, and/or how things can change to make economic stability more possible in conjunction with the sentiment that they want higher prices for their cherries.

The issue of quality is much more important to the trading and buying side of the production chain. However, the traders I met with are closer to production than are direct trade buyers (three of the four live in Burundi most of the time), so in discussing the wellbeing of producers, traders were less focused on quality than the direct trade company literature. Nonetheless, traders understand how

important quality is for specialty buyers. Specialty coffee companies view quality as one of the strongest variables in determining prices for coffee. Producers who are quality-focused are more likely to attract long-term partnerships that lead to more assured economic security through higher prices guaranteed over a longer time period.

Producers are beginning to view quality as an important issue. While none of the growers referred to it, washing station owners and managers who have met specialty buyers are keenly aware of the importance of working toward ever-increasing quality within the specialty market.

In summary, price is seen as an important issue for both producers and buyers. Higher prices lead to increased producer satisfaction and the ability to purchase needs, while buyers acknowledge the importance of offering higher prices in order to obtain quality coffee. Quality is important to buyers and is being increasingly acknowledged by producers as being an important determinant for higher prices.

## 6.3 Relation to the Background Literature

Direct trade coffee is a topic that has not yet been addressed with any significance within academic literature. It is a trade model that has been influenced by the wider fair trade movement but is more in line with the ethical trade/corporate social responsibility (CSR) movement. It is useful to discuss how direct trade both fits in and contrasts with these two concepts, and why future research that is dedicated specifically to direct trade coffee can significantly contribute to the ethical coffee trade discourse.

### *Fair and Ethical Trade, and Price*

Blowfield's 2004 paper presents the problem that ethical trade approaches do not reflect the needs and perspectives of the smallholders they are intending to

positively impact. I believe this point is crucial and it has been a driving factor in the current study's methodology. If ethical trade approaches (including direct trade) exists to benefit producers as well as buyers, it is necessary that their viewpoints are truly represented.

That the actual perspective of the producer is only cursorily presented in Blowfield's paper, despite his argument that it is lacking in ethical trade/CSR standards, points toward the need for more producer-focused research. For example, on the issue of *price*, which Blowfield contends is an important element of trade to producers, and has largely been ignored within ethical trade standards; I found that Burundian coffee producers experience a complexity of concerns rather than simply the actual price paid. In fact, price in itself, was referenced more commonly amongst traders and within buyer literature, than it was by producers. If there is indeed, like Blowfield argues, "a disparity between the standards used in ethical sourcing and the norms, values and priorities of producers (2004:20)," then it is crucial that the views of these same producers be presented, in order to assess whether the actual impact of these standards is experienced by producers in the ways they are presented. While Blowfield concedes the cultural relativity in how producers define wellbeing, the paper does not significantly address specific viewpoints.

In the present study, the topic of *price* was discussed by traders and buyers; corroborating Blowfield's assertion that price is important to producers. But while all those I interviewed contend that a higher price to producers is more beneficial than a lower one, producers feel price itself is only one aspect of economic security. What is frustrating to producers is that prices are determined outside their control and knowledge-base. Producers want to understand why prices are the way they are—they want to participate in the determination of price. A finding not yet been identified in coffee trade literature.

In Burundi there is a prevalence of coffee cherries being sold on the unofficial and non-legislated “washed” market. In the washed market, growers have the opportunity to negotiate with local buyers, whereas cherries that are sold on the “fully washed” market fetch pre-determined non-negotiable prices. From the perspectives of traders, the success of the “washed” market is puzzling, as coffee produced through these channels is of a lower quality. They argue that increased liberalization of Burundi’s coffee subsector will hopefully lead to more efficient pricing mechanisms, as determined by private actors, which then more accurately reflects the added value that fully washed agents (e.g. washing stations) provide.

The above points to another disconnect between producers and traders, though exacerbated by state intervention. From the producer’s standpoint, selling on the washed market often makes economic sense; pricing mechanisms on the washed market are more in line with international markets. However, producers currently lack the knowledge about the potential for even higher and more stable prices through direct sales of high quality coffee. This is mostly the result of negative state intervention: if pricing mechanisms had always been transparent, growers may currently be better positioned to take on direct trade contracts.

Traders understand why producers prefer to sell on the washed market. They recognize the state’s complicity in the existence of the washed market (i.e. that it exists because the fully washed market has not been organized and structured well enough to benefit producers and buyers). They too are constrained by state laws and subsector organization and advocate for transparency in pricing. The benefit to them is being able to access and obtain higher quality coffee, which they do not have access to when coffee is sold on the washed market. In closing, the disconnect between producers and traders on the issue of price, is a matter of poor state communication and lack of transparency in Burundi’s current coffee pricing mechanisms.

### *Relationships and Wellbeing*



Specialty buyers believe that the formation of long-term relationships positively affect producers in two ways: both sides build a feeling of trust, leading to increased economic security via stable relationships, and relationships allow buyers to communicate specific needs and wants for coffee production, leading producers to innovate, which in turn leads to higher prices.

The idea that interpersonal relations are important to wellbeing is supported within happiness and economics research. Frey and Stutzer cite several studies, throughout various cultural contexts, where people were report that good relationships contribute to higher self-esteem and a stronger sense of identity (2002:57-58). Being married, for example, provides escape from stress in other parts of one's life, leading to higher self-esteem.

While producer-buyer relations are not intimate, I believe that good relationships, in general, lead to higher self-esteem and a stronger sense of identity. Although producers did not address relations with buyers as being important, they did discuss the importance of having good relations with washing station owners/management. Their remarks regarding this accord with the idea that trust is an important positive contribution of good relationships. As Frey and Stutzer argue, trust in relationships are fundamental to feeling confident and less stressed, leading to higher self-esteem and a stronger identity (2002:57).

### *Powerlessness, Politics, Autonomy and Wellbeing*

Powerlessness and politics were related and common topics amongst producers and traders in relation to the hindrances both sides feel are affecting producers' ability to have autonomy over their wellbeing. Burundi's long history of state intervention in the coffee subsector has led the current generations of coffee producers to feel powerless over their labour and the terms of sale of their coffee.

Frey and Stutzer cite extensive psychology research on the concept of "procedural fairness" in politics as related to wellbeing. In short, happiness is

affected by the type of political system an individual lives within (2002:133). The importance of politics to wellbeing is manifested in two ways: 1) whether the person feels that she lives in a just society (i.e. laws and political procedures are deemed to be fair and just) affects her happiness, and 2) the outcome of political procedures impact happiness vis-à-vis the individual's judgment that they accurately reflect the values of the society. More specifically, people are concerned with the notion that they live within a political system that treats its citizens impartially and with dignity, and employs trustworthy authority figures (2002:154).

Within this study, procedural fairness and wellbeing are linked and expressed through Doyal and Gough's notion of autonomy,

[autonomy is]...being able to formulate aims, and beliefs about how to achieve [goals], along with the ability to evaluate the success of these beliefs in the light of empirical evidence. Aims and beliefs – 'our own reasons' – are what connect us logically to 'our own' actions. The capacity to make 'our own' mistakes performs the same role as regards the successes and failures of our actions...autonomy is tantamount to 'agency'. It is a clear precondition for regarding oneself – or being regarded by anyone else – as being able to do, and to be held responsible for doing, anything (1991:53).

The Burundian producers I met do not experience procedural fairness in the structuring of the coffee subsector. They neither feel that the coffee production chain is organized justly (i.e. in a way that reflects their needs and concerns), nor that the outcomes are good (i.e. that they obtain enough benefits from its structuring to satisfy their needs and wants). These experiences lead to feelings of powerlessness, or lack of autonomy. Since producers feel they lack the knowledge to determine their own participation in coffee production, they lack the autonomy (i.e. capacity) to effect change.

The main implication of the above to this study is that powerlessness is the biggest separating factor between producer and trader/buyer perspectives on wellbeing. Buyers do not understand or experience coffee producers' lack of autonomy in coffee production. There are several consequences of this, which will be explained in the next section.

## 6.4 Implications and Future Research Suggestions

This thesis has aimed to present and discuss how specialty coffee's direct trade model has impacted the wellbeing of Burundian coffee producers depending on coffee production for their livelihoods. What is clear is that the country is only in the beginning stages of being able to support direct trade relationships and that different levels of the production chain have vastly different views on what is important. This reality is based not only on self-interest, but is strongly related to the particular knowledge-base each actor has about the structure, organization and procedures of coffee production and sales.

The overriding message derived from this study's interviews with producers and traders, as well as the literature of some of the most prominent direct trade companies, is that buyers are not yet purchasing directly from Burundi's coffee growers. One of the main consequences of this fact is that the growers' perspective on direct trade and their needs concerning the future development of the coffee subsector's organization and structure is not being acknowledged. It is evident that the state's intervention in Burundi's coffee subsector development has greatly inhibited producers' capacity to fulfill a satisfactory level of wellbeing.

The many years of state control have left producers feeling powerless about their ability to influence and affect the coffee subsector's structure to better suit their needs. Another consequence of state control has been the subsector's lack of transparency, which has significantly contributed to producer powerlessness

through the lack of knowledge they possess about how coffee production is organized. The fact that traders and buyers *do* understand the coffee production chain has meant that there is a disconnect between what producers perceive to be important versus what traders and buyers believe is important for producer wellbeing. Future research could follow up on whether decreased state control leads to increased producer autonomy.

Direct trade has the potential to significantly alter a producer's capacity to determine and access the things they need in order to achieve a higher level of wellbeing. This is because inherent in the direct trade model is the mutual determination of the relationships between producer and buyer. It will be interesting to see whether future studies find out whether Burundi's current push toward a liberalized and privatized coffee sector actually provide for direct trade relationships with growers.

Currently, a significant amount of resources are being invested into changing the development strategies of coffee subsectors around the world to become more quality-focused. The business world changes rapidly to meet the demands and desires of consumers and coffee consumers the world over are demanding better quality. In the US, specialty coffee sales already account for 37 percent of the market (SCAA 2012) and is only growing, as evidenced by the continued rapid growth of roasters and coffee shops within this market. In Burundi, the five year USAID funded Burundi Agribusiness Program just ended at the end of 2012 and the two foci of the coffee program were to increase overall production, and increase sales and access to specialty coffee markets. Follow-up studies can explore the actual impacts of these investments.

Significant funds are being dedicated toward the advancement of specialty markets in coffee producing countries and this demands an increase in critical analysis of these approaches. According to the International Coffee Organization, USAID expenditure on coffee development programs totalled US \$102 million

from 2005-2010. It worked in over 24 coffee-producing countries with the aim to, “Improve livelihoods of small and medium producers and business capacity of small and medium enterprises,” through “Improv[ing] capacity to produce and market high quality coffee (ICO 2013).” In another example, TechnoServe, in 2008, received \$47 million dollars from the Bill and Melinda Gates foundation for the purpose of increasing smallholders capacity to meet rising demands for specialty coffee (TechnoServe 2011).

I believe future research can build on the findings from this study. It is clear that increasing attention is being paid to the direct trade model and its potential to positively impact the livelihoods of coffee producers. It will be interesting to see how direct trade evolves in Burundi and whether the disconnect between producers and buyers disappears along with these developments. Also interesting and significant to producer wellbeing is whether state intervention decreases over time, and how this impacts producers’ capacity to be autonomous actors within the production chain.

## 6.5 Limitations

This thesis represents both a first academic study into the impacts of direct trade on producer wellbeing, as well as my first attempt at conducting independent research. The experiences and insights I have taken from this have been invaluable. However, the novelty of the topic, as well as my inexperience as a researcher means that certain academic limitations need to be addressed.

First, being that this is an early study within direct trade coffee discourse means that it took place within a context lacking in theoretical support. Working without this kind of framework was exciting, but also limits some of the strength of my findings. While I am confident that my informants provided good insights into this study's research questions, I believe the approaches used throughout fieldwork and the formulation of the questions themselves would have been strengthened if they were related to other academic work.

A related choice that was made in consequence of the above was that I decided to limit the study's literature background to a few key studies and books with respect to coffee livelihoods research. I made this decision because, as I have argued throughout this thesis, direct trade is a very different and novel approach to coffee trading. It has different goals and aims than other approaches, and is structured and proceeds differently. In recognition of the fact that direct trade coffee falls within the umbrella of the worldwide coffee trade, I presented some historical background information, as well as targeted macro and micro-approaches, in order to provide with as relevant a background as possible. However, in making the choice to limit this background literature, I also recognize the limitations of relating the current study to wider research on coffee livelihoods. I hope that this study will contribute to future dedicated research to direct trade coffee.

Secondly, the short time period of the fieldwork means that I was not able to collect as much data as I would have liked. More data would have contributed to richer and more in-depth findings. However, as this project was largely self-funded, I did not have the resources to go in-depth with this study.

Finally, the study's short timeline and modest resources meant that I had to choose to focus on only a few levels of Burundi's coffee chain. Thus, only these few perspectives have been presented, leaving out some important stakeholders and their perceptions about direct trade coffee in Burundi.

## 6.6 Concluding Remarks

Wellbeing is perceived differently by producers and buyers. While buyers stress the effects of politics, price, quality and relationships on producer wellbeing, they are not aware of the fundamental impact that *powerlessness* has on all of the above. This lack of understanding and acknowledgement of powerlessness manifests in a significant disconnect between what producers experience and feel are important factors to the state of their wellbeing versus what traders and buyers believe is important.

Direct trade, as it is marketed and communicated to coffee consumers, does not exist in Burundi. Certain arguments and explanations are currently being made to address this, but the fact remains that consumers buying coffee from direct trade companies believe that direct trade *means* relationships between growers and buyers. When one peruses the sites of direct trade companies, it is not photos and stories of washing stations that are being told; the focus is on the growers. Even more important than marketing messages, is the fact that Burundian growers are not currently experiencing the benefits direct trade has to offer.

I believe that increased attention and study about producer perspectives on wellbeing and direct trade would contribute significantly to strategies aimed at

targeting the poverty that afflicts Burundian coffee growers. The wellbeing perspective, in its assessment of both objective and subjective indicators of happiness and wellbeing, is well-suited to the study of how particular ways of doing business in coffee is impacting the livelihoods of coffee biggest stakeholders: its producers. Direct trade, with its inclusion of producers and buyers in its operation, has great potential to positively impact everyone concerned. If producer perspectives and considerations are properly and genuinely considered, equity *and* quality in coffee trade is possible. Even if direct trade's overall impact on the coffee trade continues to be small, *individual* benefits to participants may prove to be more impactful through direct trade than through established models of coffee trading.



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# **Appendix A**

## **Interview Guide – Producer**

### **Personal Data**

#### **a) Basic**

1. Name
2. Age
3. Gender

#### **b) Contextual**

1. Years involved in coffee industry
2. Level of Education
3. Number of household members
4. Description of health level
5. Income status in comparison to neighbours

### **Themes and Questions**

1. Definition of the term “direct trade”.
  - a. What is direct trade?
  - b. Is direct trade different from other ways of buying and selling coffee?
    - i. How so?
  - c. Are these differences important to you?

- i. Why?
  - ii. Why not?
- d. What persuaded you to become a direct trade coffee grower/supplier?
- e. Does direct trade work for you?
  - i. Why?
  - ii. Why not?

2. Definition of the term “wellbeing”.

- a. What does it mean for you to live well?
  - i. Can you expand on this?
- b. What do you need in order to feel as though you are living well?
  - i. Can you expand on this?
- c. What is happiness to you?
  - i. Can you expand on this?
- d. Do you have other related ideas or concepts to this term?
  - i. Can you expand on x, y, z?
- e. Are there aspects of your work as a coffee (producer/washing station manager) that make you especially proud? Explain.

3. Relationship between wellbeing and direct trade.

- a. How would you say that being involved in direct trade affects your life??
  - iii. What are the advantages?

- iv. What are the main challenges?
  - b. Are you exclusively a direct trade grower/supplier?
    - i. If no, how else to you sell coffee?
  - c. Do you know other people in direct trade?
    - i. Did you decide to become involved in direct trade because of their involvement?
- 4. Opinions on direct trade and how it is working/not working.
  - a. How should direct trade change so yours and your family's wellbeing improves?
  - b. Do you believe these changes are possible?
    - i. Why?
    - ii. Why not?

# **Appendix B**

## **Interview Guide - Trader**

### **Personal Data**

#### **a) Basic**

1. Name
2. Age
3. Gender
4. Occupation and company
5. Years involved in coffee industry

### **Themes and Questions**

1. Definition of the term “direct trade”.
  - a. What is direct trade?
  - b. Is direct trade different from other ways of buying and selling coffee?
    - i. How so?
  - c. Are these differences important to you?
    - i. Why?
    - ii. Why not?
  - d. What persuaded you to become a direct trader?
  - e. Does direct trade work for you?

- i. Why?
- ii. Why not?

2. Definition of the term “wellbeing”.

- a. What does it mean for you to live well?
  - i. Can you expand on this?
- b. What do you believe an individual needs in order to feel as though they are living well?
  - i. Can you expand on this?
- c. What is happiness to you?
  - i. Can you expand on this?
- d. Do you have other related ideas or concepts to this term?
  - i. Can you expand on x, y, z?
- e. Are there aspects of your work as a coffee trader that make you especially proud? Explain.

3. Relationship between wellbeing and direct trade.

- a. How would you say that being involved in direct trade affects growers' lives?
  - i. What are the advantages?
  - ii. What are the main challenges?
- b. Are you exclusively a direct trader?



- i. If no, how else to you buy coffee?
- 4. Opinions on direct trade and how it is working/not working.
  - a. How should direct trade change so growers' and their families' wellbeing improves?
  - b. Do you believe these changes are possible?
    - i. Why?
    - ii. Why not?

Thank you very much for your time. If you think need to contact me with any questions or concerns, here is my contact information.